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IRAN–CONTRA INVESTIGATION

JOINT HEARINGS

BEFORE THE

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

ONE HUNDREDTH CONGRESS

FIRST SESSION

100–3

MAY 20, 21, 27, AND 28, 1987

TESTIMONY OF ADOLFO P. CALERO, JOHN K. SINGLAUB, ELLEN C. GARWOOD, WILLIAM B. O'BOYLE, JOSEPH COORS, ROBERT C. DUTTON, FELIX I. RODRIGUEZ, AND LEWIS A. TAMBS

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SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

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JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Adolfo P. Calero and John K. Singlaub

WEDNESDAY, MAY 20, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 10:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Before proceeding, I would like to submit for the record, at the request of the former vice chairman of the Senate Intelligence Committee, a statement of that committee dated April 26, 1984, and pages 8 and 9 of the committee report of that Intelligence Committee relating to the mining of Nicaraguan harbor and assorted inserts.

Without objection, it will be made part of the record.

[The documents appear in appendix B.]

Chairman INOUYE. This morning we have a new witness, who comes from Central America, Mr. Adolfo Calero.

Mr. Calero, will you please stand.

[Witness sworn.]

TESTIMONY OF ADOLFO P. CALERO

Chairman INOUYE. Thank you, sir. Please be seated.

Mr. Paul Barbadoro will proceed with the questioning.

Mr. BARBADORO. Mr. Chairman, I believe the witness has an opening statement which he would like to read.

Chairman INOUYE. Please proceed, sir.

Mr. CALERO. Thank you.

I learned during my education in this country the value of democracy.

Chairman INOUYE. Mr. Calero, will you please pull the mike closer. Thank you.

Mr. CALERO. I learned during my education in this country the value of democracy. Upon graduation from the University of Notre

Dame in 1953, I returned to Nicaragua, to a dictatorship in which the freedoms which I saw in the United States were denied.

I became, as a result of my exposure to this country, a knight in democratic armor in my own country, imbued by my experience here in the ideals of representative government and free enterprise.

I had made mine Jefferson's oath: "I have sworn before the altar of God, hostility against any form of tyranny over man's mind," and that became my golden rule in opposing the Somoza dictatorship.

When Somoza was driven from our country, we had a right to expect that our dreams of democracy would be fulfilled. Instead, we got the Soviet totalitarian regime, an oppressive dictatorship operated by the Soviet Union and its proxy, Cuba.

In January of 1983, I chose to abandon the comforts brought by 30 years of successful hard work, rather than subordinate principle and dignity to the "vanguard of the proletariat." As Benjamin Franklin put it, "Resistance to tyrants is obedience to God."

Four years and many trying experiences later, I come before you, ever intent on liberating Nicaragua from Soviet territorial imperialism and to restore freedom to my land.

Unfortunately, all too often the West drifts in a sea of contradiction and indecision, and watches helplessly when subjugated peoples rise against Communist totalitarianism, thus consigning people who yearn for freedom and self-determination to Communist domination.

An old Spanish fable relates how two rabbits were running desperately from two dogs in hot pursuit. As the dogs were closing in, the rabbits would stop and discuss whether the villains were beagles or bloodhounds. Of course, they never reached an agreement nor come to a solution. We will never know which rabbit was right, but Iriarte, the fablist, tells us that the ferocious dogs never argued, never doubted, never swayed, caught up with their prey and devoured it.

From President Monroe to President Reagan, for the sake of security or for that of freedom, we have read and heard many heartening statements. Here is a token from President Truman: "It must be the policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressure."

In dire straits we Nicaraguans desperately need for such words to come to life, even though it is we who are and will keep on doing the fighting and the dying. What is really on the scale is American resolve to stand by its friends, its principles, and its policies.

As has been stated, "When the Soviet Union advances by using proxy troops, its conquests are still Soviet victories and Western defeats." Let us not be fooled, before friend and foe it is the United States that will win or lose in Nicaragua.

The United States evokes in Nicaraguans a mixture of admiration and perplexity. At times we feel you are distant neighbors, yet your generosity and magnanimity often make us believe that we are close friends. The fact is that proximity and shared values have given us a common destiny that we Nicaraguans are now fighting for. By helping us, you defend your own future.

As of last week, all opposition forces to the Sandinista regime have united and formed the broad-based and amply representative Nicaraguan Resistance. A 54-member assembly, just one short of the Constitutional Convention of Philadelphia in 1787, elected a six-man directorate and will proceed to draw up a program of democratic government based on free elections, a system of checks and balances that divides power and restrains rulers, guarantees all freedoms, promotes the observance of human and civil rights, as well as social justice, religious, economic freedom, and private property.

Notwithstanding our decision to fight for our freedom, we are ready to make peace, understanding that the state of human dignity, sovereignty, and harmony can be achieved only through a government which has the consent of the governed.

Besides our own initiatives, we have welcomed negotiated settlements sponsored by Congressman Jim Slattery of Missouri and President Oscar Arias of Costa Rica, among others. We are ready to explore and follow through on such initiatives.

Millions of words have been written, spoken, and televised on Nicaragua. Images, many of them false, have been created. Half-truths and outright falsehoods propelled by the "masters of deceit" have found their way to public opinion and official circles the world over.

As Will Rogers, the famous American humorist and actor who visited Nicaragua after the 1931 earthquake, said: "The trouble ain't that people are uninformed, it's that they know so much that just ain't so." Need I wonder who is responsible for that?

Unfortunately there is no time for details, but it has been proven to the point of satiety that the Sandinistas have denied all freedoms, including religious freedom, destroyed institutions, sponsored terrorism, established a Soviet base in mainland America, brought on economic and political chaos to Nicaragua, and are in the process of destabilizing the four Central American democracies.

The Sandinistas have drawn a barrier on progress and set a whole region in reverse, back to epochs that had been bravely surpassed.

In addition to the sea of troubles brought on Nicaragua by the Sandinistas, we have been unfortunately dragged into an internal inquisition involving opposing views, technicalities, and fine points of law or amendments that we do not fully comprehend, and apparently neither does world opinion.

Yes, we received funds from foreign sources. That was the only way to survive after the U.S. aid was cut off by Congress. We gratefully welcomed the support of patriotic Americans and citizens of other countries who understood our plight and the serious implications of our defeat. But we bore the brunt of fighting for our freedom. We never asked for intervention by American military forces. This has been our battle, and not a Vietnam.

We are making history but also repeating it. In 1775, front companies were set up in Europe to receive funds contributed by France and Spain. It all developed into a delicate international problem but it served a worthy cause, that of the American revolutionaries fighting to free this country from the British Empire.

God bless all of the Americas.

Thank you.

[The prepared statement of Adolfo P. Calero appears in appendix C.]

Chairman **Inouye**. Mr. Calero, I thank you very much for your eloquent statement.

Mr. Barbadoro?

Mr. **Barbadoro**. Thank you, Mr. Chairman.

Mr. Calero, good morning.

Mr. **Calero**. Good morning.

Mr. **Barbadoro**. I would like to begin by asking you some questions about your background. You are a citizen of Nicaragua?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. And you lived in Nicaragua until December of 1982?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. You hold an undergraduate degree from Notre Dame?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And a law degree from the University of Central America?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. You were a businessman in Nicaragua, were you not?

Mr. **Calero**. Yes.

Mr **Barbadoro**. Can you tell us what you did?

Mr. **Calero**. Well, I started out working for W.R. Grace, then went on to become General Manager of the Coca-Cola Bottling Company in Nicaragua, and during this time, I was—I taught accounting at the Jesuit University. I became dean of the graduate school, I was a volunteer fireman for 17 years, I was in politics fighting the Somoza dictatorship, and I was director of various business enterprises and also a director of the Chamber of Industry, Chamber of Commerce, I was President of the Hotel Association, well——

Mr. **Barbadoro**. You were involved in a number of businesses in Nicaragua?

Mr. **Calero**. Yes, yes, sir.

Mr. **Barbadoro**. You are also an opponent of the regime of President Somoza, correct?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. In fact, you were jailed by the regime because of your opposition on more than one occasion?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. Were you also an opponent of the Sandinistas when they came to power?

Mr. **Calero**. What was that, sir?

Mr. **Barbadoro**. Were you also an opponent of the Sandinistas when they came to power?

Mr. **Calero**. Yes, because I knew them for what they were.

Mr. **Barbadoro**. In December of 1982, you left Nicaragua and shortly thereafter joined the FDN, correct?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. And shortly after joining the FDN, you became the President of the FDN?

Mr. **Calero**. Yes, about 7 months later, I was elected President by my fellow directors.

Mr. **Barbadoro**. Does the FDN have both political and military components?

Mr. **Calero**. Yes, at the time, we called ourselves a politico-military organization, pluralistic, and intent on liberating our country from Communist domination.

Mr. **Barbadoro**. Was there an FDN leader whose principal responsibility was military affairs?

Mr. **Calero**. Yes. That's ah——

Mr. **Barbadoro**. Enrique Bermudez.

Mr. **Calero**. Commandante Bermudez, yes.

Mr. **Barbadoro**. Your responsibilities were primarily political affairs, is that right?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. When you joined the FDN in 1983, what was the size of the FDN fighting force?

Mr. **Calero**. Maybe upwards of 2,000.

Mr. **Barbadoro**. And what happened to the size of that force between 1983 and 1986?

Mr. **Calero**. Well, it grew under a ceiling set by this government, and by June of 1984——

Mr. **Barbadoro**. The ceiling you are referring to is a ceiling set by the U.S. Government?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. Is that right?

Mr. **Calero**. Yes, sir, by this government, yes. And by June 1984 might have amounted to about 6,000 or so, and then from—then came the cutoff of funds, because there were no more funds appropriated.

Mr. **Barbadoro**. And again, these are the cutoff of U.S. Government funds in the summer of 1984, correct?

Mr. **Calero**. Yes, sir. In no, well, in June, it came really because there were no more funds. And from June, July of 1984 to the following year, we more than doubled our forces to about 17, over 17,000 men and then we dropped down a bit towards the end of 1985, and during 1986, and by the end of 1986, we probably had about 16,000 men.

Mr. **Barbadoro**. So, is it fair to say that there was a dramatic increase in the number of FDN soldiers after the U.S. Government money ran out in the summer of 1984?

Mr. **Calero**. Yes, because we had no ceiling except an economic ceiling.

Mr. **Barbadoro**. The FDN fights primarily in northern and central Nicaragua, correct?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. Are there other factions of Contras operating independently of FDN?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. There are Indian groups fighting in Nicaragua, are there not?

Mr. **Calero**. Indians and Creoles, that is Indians and blacks who are called Creoles in Nicaragua, in the north and in the east, and the other faction which is called the Southern Front in the deep south.

Mr. **Barbadoro**. There is a faction operating independently of the FDN in southern Nicaragua known as the Southern Front, and that is what you have just referred to, right?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. What was the size of the Southern Front forces in 1983 when you joined the FDN?

Mr. **Calero**. Well, at the height, I understand it was about 4,000.

Mr. **Barbadoro**. And what happened to the size of those forces between 1983 and 1986?

Mr. **Calero**. They went down, sort of diluted, separated.

Mr. **Barbadoro**. Is it fair to say that at the same time that the FDN forces were increasing, the Southern Front forces were decreasing in size?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And the funding for the Southern Front was largely independent of the funding for the FDN, is that right?

Mr. **Calero**. Well, the Southern Front was funded by the U.S. Government, as was the Northern Front and the Indians and Creoles up to June 1984.

Mr. **Barbadoro**. But the funding for the Southern Front didn't go through the FDN to the Southern Front forces, correct?

Mr. **Calero**. Not from the U.S. Government, no.

Mr. **Barbadoro**. From shortly after the time you joined the FDN in 1983 until the summer of 1984, the FDN was funded by the U.S. Government through the CIA, correct?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. And during that time the CIA provided your arms and ammunition for you?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. Did you buy any arms and ammunition on your own during that period?

Mr. **Calero**. No.

Mr. **Barbadoro**. At that time the CIA also gave you food for your troops, clothing and medicines for your troops, is that right?

Mr. **Calero**. Yes. Well, some of those things would be purchased by us, you know, like food and medicines.

Mr. **Barbadoro**. With money that the CIA gave you?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. You have mentioned that in the summer of 1984 that the CIA money ran out. When did you learn that that money was going to run out?

Mr. **Calero**. Well, May, more or less May, April. Well, we were always under the threat, let's say, of it running out, and in May it was clear that it would run out.

Mr. **Barbadoro**. When you realized that the money was going to go out, run out, what effort did you make to raise money on your own?

Mr. **Calero**. Well, we started telling people, visiting people in foreign countries, friends in foreign countries.

Mr. **Barbadoro**. Did you make attempts to raise money from foreign governments on your own, Mr. Calero?

Mr. **Calero**. Well, yes, from sectors, I should make specific, from sectors of foreign governments.

Mr. **Barbadoro**. Were you successful in your attempts to raise money on our own?

Mr. **Calero**. Well, not money but some materials.

Mr. **Barbadoro**. So you obtained some equipment and some material support, but you did not obtain any money, is that right?

Mr. **Calero**. Right.

Mr. **Barbadoro**. When did you meet Lt. Col. Oliver North?

Mr. **Calero**. My recollection is that I met him in Honduras in a meeting that took place maybe in May–June of 1984.

Mr. **Barbadoro**. Colonel North's appointment books reflect a meeting between you and Colonel North in April of 1984. Do you remember that meeting?

Mr. **Calero**. I have been asked about it before. I do not remember it, and, but as I said, my recollection is meeting him in May–June of 1984.

Mr. **Barbadoro**. The meeting that you can recall, where was that?

Mr. **Calero**. In Central America.

Mr. **Barbadoro**. Who else attended that meeting?

Mr. **Calero**. Well, besides officers of the Central Intelligence Agency, it was Colonel North and some of our directors.

Mr. **Barbadoro**. What was the purpose of that meeting?

Mr. **Calero**. I have described it as a pep talk. You know, things are looking bad and everything, but we will keep on trying, the President will keep on pressing. We will keep on soliciting funds, and sort of a consolation pep talk situation.

Mr. **Barbadoro**. They told you that the President wasn't going to give up on the Contras, he was going to keep fighting for support for you, is that right?

Mr. **Calero**. Yes, and the President would say it himself, yes.

Mr. **Barbadoro**. Did anyone at that meeting suggest to you that they might be able to raise funds for you from private or foreign government sources?

Mr. **Calero**. Not to my recollection that anybody committed himself to do that, but as I say, it was a pep talk. It was something that gave us hope.

Mr. **Barbadoro**. You saw Colonel North again that summer, did you not?

Mr. **Calero**. Oh, yes, yes.

Mr. **Barbadoro**. What happened at your next meeting with Colonel North?

Mr. **Calero**. Well, we went into a lot of detail of the situation, I would say, and he was also very encouraging. I saw in him a very dedicated man and I identified him as my liaison with the U.S. Government.

Mr. **Barbadoro**. Well, Mr. Calero, did Colonel North suggest to you at this second meeting that he might be able to raise some funds from foreign sources for you?

Mr. **Calero**. Well, he didn't say he personally would, but I was led to believe that there were people working on something, that something was going to happen.

Mr. **Barbadoro**. When you say you were led to believe, you were led to believe by Colonel North?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. That somebody was working on raising money for you, is that right?

Mr. **Calero**. Yes, yes, I would say so.

Mr. **Barbadoro**. And as a result of that conversation, Colonel North asked you for the number for your bank account, correct?

Mr. **Calero**. Yes, Colonel North—I gave Colonel North and others a bank account number.

Mr. **Barbadoro**. Let's stick with Colonel North for a minute. That would have been some point in the summer of 1984, prior to July of 1984?

Mr. **Calero**. Yes, yes.

Mr. **Barbadoro**. You say you also gave your bank account number to other people. Who else did you give the number to?

Mr. **Calero**. General Singlaub and General Secord, and a few others that I wouldn't remember now.

Mr. **Barbadoro**. Let me ask you about General Secord. How did you meet General Secord?

Mr. **Calero**. I don't remember if I called him or if he called me. Then we met at the hotel but I would say that it was through the indication of Colonel North.

Mr. **Barbadoro**. It was Colonel North that arranged the meeting one way or the other, is that right?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And did General Secord ever suggest to you that he might be able to play a role in raising some money for you from foreign sources?

Mr. **Calero**. Yes, yes, sir he did.

Mr. **Barbadoro**. What did he tell you.

Mr. **Calero**. Well, I don't remember, we had different meetings, but in one of these meetings, he suggested that he had friends in the East and that—Middle East—and that he would approach them, and then at one point he said that he might be able to get from $15, between $15 and $25 million, and that he would visit with his friends. And then he confirmed that he had visited with a sheik or a prince or——

Mr. **Barbadoro**. So you had a conversation with him in which he suggested he might be able to raise between $15 and $25 million from sources that he was familiar with in the Middle East, is that right?

Mr. **Calero**. Yes, sir; yes, sir.

Mr. **Barbadoro**. And at some point he told you that he had played a role in receiving some of the money that you—in obtaining some of the money that you had received, is that right?

Mr. **Calero**. Well, yes, I understood that he had—well, he said that he has visited with these people, had made the solicitation, and apparently took credit for helping out.

Mr. **Barbadoro**. When was that that he appeared to take credit for helping you in raising money?

Mr. **Calero**. I would not—well, during the course of the, of the, of our receiving this money.

Mr. **Barbadoro**. Would it have been after February–March of 1985 when you received $24 million?

Mr. **Calero**. Well, yes. I mean, that is that is correct, yes.

Mr. **Barbadoro**. Let's go back to the summer of 1984. You received your first substantial deposit in July of 1984, correct?

Mr. **Calero**. Yes, $1 million.

Mr. **Barbadoro**. Before you received that $1 million, did Colonel North or anyone else tell you that it was going to be arriving?

Mr. **Calero**. No, I was never told when or how much would be arriving.

Mr. **Barbadoro**. Did you tell Colonel North that you had received the million dollars?

Mr. **Calero**. Yes, I did.

Mr. **Barbadoro**. Did he tell you where the million had come from?

Mr. **Calero**. No, he didn't.

Mr. **Barbadoro**. Did you ask him?

Mr. **Calero**. No. I didn't care where it come from.

Mr. **Barbadoro**. You were happy to get the money and you didn't care where it had come from, is that right?

Mr. **Calero**. Yes, I had other, much more important worries than to find out where it had come from.

Mr. **Barbadoro**. Did Colonel North tell you that you could be expecting more money deposited in the future?

Mr. **Calero**. Well, I remember that every time we got money, I mean, we were very happily surprised or some sort. I don't think that anybody told me that there will be something coming. As a matter of fact, I could not plan for arms purchases because we didn't know, and we made our first arms purchases after we had received an amount and it wasn't until the third receipt that we figured, well, this might be something that will be followed up.

Mr. **Barbadoro**. You mentioned additional deposits. After July you continued to receive deposits of $1 million a month, did you not?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. And did you continue to keep Colonel North informed when you had received deposits?

Mr. **Calero**. Yes, yes.

Mr. **Barbadoro**. You continued to receive those deposits until February of 1985, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. What happened in February of 1985?

Mr. **Calero**. Then we received two substantial deposits, I believe, of $7.5 million or $5 million, and then in March we got $7.5 million. The thing is that we got $8 million and then between February and March we got 24.

Mr. **Barbadoro**. Mr. Calero, could you look at exhibit APC–2, which is a listing of deposits to your account by source, and by date, that was drawn from bank account records that you provided us?

Does that refresh your memory about what deposits you received in February and March?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And could you please just tell us what those deposits were?

Mr. **Calero**. One million between July 1984 and February 1984. In February 1984——

Mr. **Barbadoro**. 1985, isn't that?

Mr. **Calero**. 1985, excuse me. We received 5 million and 4 million. And in March 1985, we received 2 deposits of $7.5 million each.

Mr. **Barbadoro**. So between July of 1984 and March of 1985, how much did you receive in total from this source?

Mr. **Calero**. Thirty-two million.

Mr. **Barbadoro**. After March did you get any additional money from this source?

Mr. **Calero**. No, we did not.

Mr. **Barbadoro**. When the deposits increased dramatically in February, did Colonel North give you any prior warning that the deposits might be increasing?

Mr. **Calero**. No, but he was happy when I told him that I had received them.

Mr. **Barbadoro**. And even then he didn't tell you anything about where the money was coming from?

Mr. **Calero**. No.

Mr. **Barbadoro**. In addition to the 32 million you received from this source, you received $1,045,000 from a company known as Intel Co-Operation, Inc., is that correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. When did you receive that first deposit?

Mr. **Calero**. In November of 1985.

Mr. **Barbadoro**. And is it fair to say that those contributions continued on a sporadic basis until January of 1987?

Mr. **Calero**. Yes. That is correct.

Mr. **Barbadoro**. Intel Co-Operation is a company with which Richard Miller is associated, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. How did you come to receive these contributions from Intel Co-Operation, Inc.?

Mr. **Calero**. Through my participating in giving, in addressing groups of potential donors.

Mr. **Barbadoro**. And who arranged those meetings where you addressed potential donors?

Mr. **Calero**. A man by the name of Channell.

Mr. **Barbadoro**. That is Carl "Spitz" Channell?

Mr. **Calero**. Carl "Spitz" Channell, yes.

Mr. **Barbadoro**. How did you meet Mr. Channell?

Mr. **Calero**. I do not remember the circumstances, but it was after his participation in what was called the refugee—Nicaraguan refugee fund dinner—and he offered to help in raising funds.

Mr. **Barbadoro**. And did Colonel North introduce you to Mr. Channell?

Mr. **Calero**. No, no.

Mr. **Barbadoro**. Did you know that Mr. Channell was also in frequent contact with Colonel North?

Mr. **Calero**. That became apparent after. I would not remember when. But that became apparent after.

Mr. Barbadoro. How did money that was raised through your speaking engagements arranged by Mr. Channell end up going through Intel Co-Operation, Inc., do you know?

Mr. Calero. That is an arrangement between them which I did not know anything about. I had known Miller before I knew Channell, and I don't know what brought them together or what kind of arrangement they had. It was none of my business.

Mr. Barbadoro. Did Miller tell you, though, that he would be helping to channel these funds down to you?

Mr. Calero. Yes, yes, yes, I would tell him about our needs.

Mr. Barbadoro. Did you ever discuss specific needs such as what kind of arms and what kind of ammunition you would need with either Mr. Miller or Mr. Channell?

Mr. Calero. Well, I used to tell people, I used to tell the newspaper people what weapons we were using, what weapons we needed, I used to tell everyone. That was part of the—of my getting people to know of our necessities and what we were using, our shortcomings and whatever.

Mr. Barbadoro. Did you ever give either Mr. Miller or Mr. Channell a list of arms and ammunition that you needed?

Mr. Calero. I do not recall, but it could have been possible because I have had that in my briefcase all the time. It was a very short list. I mean we used very, very few weapons.

Mr. Barbadoro. You also received $200,000 from Lake Resources, correct?

Mr. Calero. Yes, yes.

Mr. Barbadoro. And that was in October of 1985 that you received that $200,000?

Mr. Calero. Yes, yes, sir.

Mr. Barbadoro. Did you know at the time that the money was coming from Lake Resources?

Mr. Calero. No, I found that out in February of 1987 when my lawyer told me, when Lake Resources became known, then my lawyer spotted—see, I had not seen the bank statements before.

Mr. Barbadoro. Did Colonel North tell you that he was sending you some money at around that time?

Mr. Calero. No.

Mr. Barbadoro. Did you know that you had received $200,000 in October of 1985?

Mr. Calero. Yes, but I don't know where from.

Mr. Barbadoro. Again, you were surprised and happy to get this money?

Mr. Calero. No, I wasn't surprised because I connected this money with Channell's.

Mr. Barbadoro. So you assumed that the $200,000 had been raised by Channell and Miller for you, is that right?

Mr. Calero. Yes, yes.

Mr. Barbadoro. Alright, have we now described all of the contributions you received during that period from 1984 until 1986?

Mr. Calero. Yes, yes. All the money contributions that were in our bank, and we had a lot of material, goods, that were given to us, medicines, uniforms, and shoes, and that.

Mr. **Barbadoro**. Now, between July of 1984 and 1986 when the U.S. Government funding resumed, you spent approximately $19 million for arms and ammunition, correct?

Mr. **Calero**. Correct, sir.

Mr. **Barbadoro**. Prior to July of 1984, had you had any experience in purchasing weapons?

Mr. **Calero**. No, sir.

Mr. **Barbadoro**. How did you determine what arms to buy and how much to pay for them?

Mr. **Calero**. Well, I knew what was being used and we had prepared before, with the CIA, a budget, which listed all the materials that we were going to buy with the new funding, which never came, but—so I knew what we had to get and I consulted with our military men.

Mr. **Barbadoro**. Did you also consult with Colonel North?

Mr. **Calero**. Oh, I told him, I used to tell Colonel North practically everything. I had no reservation. I had full confidence and trust in him.

Mr. **Barbadoro**. So you discussed your purchases with Colonel North in advance, is that right?

Mr. **Calero**. I discussed our needs and probably told him that I was going to purchase, yes.

Mr. **Barbadoro**. Did you also tell him after you made a purchase what you had purchased and how much you had paid and who you had bought it from?

Mr. **Calero**. Yes. Yes.

Mr. **Barbadoro**. Mr. Calero, could you please turn to exhibit APC-3, which is a memorandum from Colonel North to Robert McFarlane, dated April 11, 1985, and turn to the back of that exhibit to a chart that is headed "FDN Expenditures and Outlays."

Have you seen that chart before?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. That chart contains a listing of arms and ammunition and some of the purchase prices that were paid, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. Did you give Colonel North the information that was used to prepare this chart?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. From whom did you buy your first weapons?

Mr. **Calero**. From Gretch World.

Mr. **Barbadoro**. And when did you buy those weapons?

Mr. **Calero**. Fall of 1984.

Mr. **Barbadoro**. And how did you come to buy from Gretch World?

Mr. **Calero**. Well, I knew a retired U.S. colonel by the name of McCoy, whom I had met in Nicaragua back in 1981—excuse me, back in 1978, 77, 78, 79, and through him, he approached me and said he would be of service, and when I needed him, I called him.

Mr. **Barbadoro**. And did Colonel McCoy suggest he could get weapons for you?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. Colonel McCoy is associated with Gretch World, is that right?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And a man named Ronald Martin is also associated with the company?

Mr. **Calero**. Yes. His card read R & M Equipment Company; Colonel McCoy's calling card read that way, yes.

Mr. **Barbadoro**. Take a look at exhibit APC-3. Are the weapons that you bought from Gretch World and R & M supply listed under the heading "Independent Acquisition" on this chart?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. How much did you pay for those weapons?

Mr. **Calero**. About $2 million, a little over $2 million.

Mr. **Barbadoro**. The phrase "Independent Acquisition" on this chart, is that your phrase or is that Colonel North's?

Mr. **Calero**. No, I do not remember labeling "independent."

Mr. **Barbadoro**. The remaining arms listed on this chart were all purchased from General Secord, correct?

Mr. **Calero**. The remaining? Yes. Yes.

Mr. **Barbadoro**. Do you know why Colonel North decided to characterize the arms from Gretch World as "Independent Acquisition" and not to characterize the arms purchase from General Secord that way?

Mr. **Calero**. No, sir.

Mr. **Barbadoro**. When did you buy your first weapons from General Secord?

Mr. **Calero**. Ah——

Mr. **Barbadoro**. Would it have been sometime in the fall of 1984?

Mr. **Calero**. Maybe, yes. Maybe August, September.

Mr. **Barbadoro**. And is your first purchase——

Mr. **Calero**. I mean I ordered in August-September.

Mr. **Barbadoro**. You ordered the weapons and they didn't arrive until 1985, is that right?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And the first purchase that you made from General Secord is listed on this chart as Sealift no. 1, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. When did Sealift no. 1 arrive in Central America?

Mr. **Calero**. Well, that is the one we call the slow boat from China. That one arrived in April.

Mr. **Barbadoro**. It was delayed in arriving, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And what did you do because the sealift was delayed in arriving?

Mr. **Calero**. We were having a very, very difficult situation, and, in December, I called General Secord and asked if he could get us emergency supplies and he said yes. So he—what is called the Airlift no. 1, Airlift no. 2 were planned.

Mr. **Barbadoro**. So these first two airlifts that arrived in February-March of 1985 were emergency supplies that you needed because the sealift was delayed in arriving, is that right?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. In addition to the purchases from General Secord that you just described, you also purchased a second boatload of weapons from him, is that right?

Mr. Calero. Yes, sir. That was the big purchase, and this one was planned when we got the big money.

Mr. Barbadoro. And in total you spent approximately $11 million in purchases that you made from General Secord, is that right?

Mr. Calero. Yes, just about.

Mr. Barbadoro. How did you come to purchase arms from General Secord?

Mr. Calero. Well, from his offer to help us out in that regard. I was very much—I was very wary of just dealing with anyone, and so I was happy to deal with a U.S. retired general.

Mr. Barbadoro. Did you approach General Secord or did he approach you?

Mr. Calero. No, he told me that he would help me out in that. Or I asked him, I mean. You know, it is very difficult to establish.

Mr. Barbadoro. Did General Secord tell you when you were buying these arms from him that his company was going to charge between 20- to 30-percent markup on the weapons?

Mr. Calero. No, sir.

Mr. Barbadoro. In fact, he led you to believe that he was selling these weapons for cost, correct?

Mr. Calero. That was my understanding, my impression.

Mr. Barbadoro. Were you surprised to learn that General Secord testified a couple weeks ago that he was charging a 20- to 30-percent markup on the weapons?

Mr. Calero. Well, it was a revelation.

Mr. Barbadoro. You also purchased some arms through General Singlaub, correct?

Mr. Calero. Yes.

Mr. Barbadoro. Those arms are not reflected on this chart, is that right?

Mr. Calero. No, sir, because that—well, it was done after.

Mr. Barbadoro. Could you turn to exhibit APC–4.

Have you seen that document before?

Mr. Calero. Yes, and I can see my initials on it.

Mr. Barbadoro. Mr. Calero, we obtained this document from Barbara Studley, an associate of General Singlaub, can you tell us what it is?

Mr. Calero. Well, no, well, I understand she is not an associate, but a friend of General Singlaub and friend of mine, too, and a real, for our cause, a big booster of our cause.

This is a list of what we acquired from Eastern Europe.

Mr. Barbadoro. So these are the arms that you bought through General Singlaub, is that right?

Mr. Calero. Yes.

Mr. Barbadoro. When did these arms arrive in Central America?

Mr. Calero. They must have arrived in July, I believe, of——

Mr. Barbadoro. July of 1985?

Mr. Calero. 1985, yes.

Mr. Barbadoro. After this shipment in July of 1985, did the FDN buy any more arms?

Mr. Calero. No, we did not buy any more arms.

Mr. **Barbadoro**. What happened to all these arms and ammunition that you purchased between the fall of 1984 and July of 1985?

Mr. **Calero**. Well, they were stocked, given out to our men as needed, and to this day, we are fighting with the rifles that we obtained in this shipment, 10,000, and we still have a few million rounds of the ammunition left.

Mr. **Barbadoro**. You have testified to approximately $19 million worth of arms purchases.

Mr. **Calero**. Yes.

Mr. **Barbadoro**. We know you raised more than $32 million in contributions. Can you tell us what you spent the rest of the money on?

Mr. **Calero**. Yes, the rest of the money was—the rest of the money was spent for uniforms, gear, wet gear, boots, food, medicines, administrative, travel, family support of our organization, for 13 months. When I did the number the other day, it comes to $52 per man, per fighting man, per month for a period of 13 months.

Mr. **Barbadoro**. Mr. Calero, the records that you provided to the committee of your bank accounts show that you converted approximately $3 million of this money into traveler's checks.

Mr. **Calero**. Yes.

Mr. **Barbadoro**. Why did you do that, and can you tell us what you used that money for?

Mr. **Calero**. traveler's checks are a very handy way for people who are continually traveling, and we converted that into traveler's checks in order to be used for many expenses that we had to give to our, to our, to our, for family support and also at the beginning, we did not have the transfer connection, let's say, the money transfer connection had not been established.

Mr. **Barbadoro**. That is the ability to get money from your bank accounts down to Central America, is that right?

Mr. **Calero**. Yes, yes. By wire transfers and that—so for the first months, we used to, all our expenses in the region, everything, food for the troops and everything, were also taken care of out of traveler's checks, yes.

Mr. **Barbadoro**. Your records also show payments of approximately $1.8 million to a person named Aquiles Marin.

Mr. **Calero**. That was not a payment.

Mr. **Barbadoro**. What was that used for?

Mr. **Calero**. That was not a payment. That was eh, Aquiles Marin is a money broker, and we would deposit it in his account in the States, and he would deliver local currency in the region.

Mr. **Barbadoro**. So you would deposit dollars into his account, he would convert them into lempiras and delivery them to the FDN forces; is that right?

Mr. **Calero**. Into local currencies.

Mr. **Barbadoro**. OK. And is that also the case for the $1.8 million that went to Eric Lacayo?

Mr. **Calero**. To Lacayo, yes, sort of a Deak-Perera.

Mr. **Barbadoro**. Mr. Calero, other than the money you received from Lake Resources and Intel Co-Operation, Inc., is it fair to say that all the money, other than that you received prior to July of 1985?

Mr. **Calero**. I did not get the question.

Mr. **Barbadoro**. I am sorry, let me phrase it differently. The $32 million that you received from the foreign government——

Mr. **Calero**. Yes.

Mr. **Barbadoro**. You received that money prior to July of 1985, correct?

Mr. **Calero**. Yes, yes.

Mr. **Barbadoro**. And you have already testified that you bought no arms after July 1985, is that right?

Mr. **Calero**. Right.

Mr. **Barbadoro**. General Secord testified a couple of weeks ago to a meeting that he had with you in July of 1985. Do you remember that meeting?

Mr. **Calero**. I have met with General Secord many, many, many times.

Mr. **Barbadoro**. Do you remember meeting him in Miami with Colonel North and General Secord and Enrique Bermudez?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And that was in the summer of 1985?

Mr. **Calero**. Yes, sir. I remember, yes, I heard about that testimony, yes.

Mr. **Barbadoro**. What was the purpose of that meeting?

Mr. **Calero**. Well, it was just another meeting, and I do not recall exactly what came about. We must have discussed the resupply situation and the general aspects of what was going on. Our future needs for weapons and ammunition.

Mr. **Barbadoro**. General Secord testified that the inadequacy of the FDN airlift air support operation was the subject that was discussed at that meeting. Do you recall that being discussed?

Mr. **Calero**. It could have been, yes. Because we had, we only had the DC-3, and we had very difficult—many difficulties in supplying our troops by air.

Mr. **Barbadoro**. General Secord also recalls discussions about the need to build up the Southern Front fighting force. Do you remember that being discussed?

Mr. **Calero**. That was a discussion that entered—that was a subject that entered almost every time that I met with Colonel North and with others.

Mr. **Barbadoro**. Was there any discussion that you can recall at that meeting about corruption in the FDN ranks?

Mr. **Calero**. No, and much less the way that General Secord put it, because I would have been very much upset by something like that.

Mr. **Barbadoro**. That is something you would have remembered, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And you don't remember any discussion like that?

Mr. **Calero**. I do not remember it, no.

Mr. **Barbadoro**. Did anyone tell you at this meeting that General Secord and Colonel North were going to establish an airlift operation of their own?

Mr. **Calero**. No. Not a word on that.

Mr. **Barbadoro**. Robert Owen testified yesterday that Colonel North and General Secord made a decision in the summer of 1985 to take the funding away from you and put it in the hands of General Secord. Did anyone tell you about that kind of decision?

Mr. **Calero**. No, I was not told.

Mr. **Barbadoro**. When did you learn that Colonel North and General Secord were operating this airlift operation in Central America?

Mr. **Calero**. Well, I never learned for sure that it was, this gentleman running the operation. The meeting was in July, so they say, and I remember that this airlift operation began almost a year later in April of 1986.

Mr. **Barbadoro**. Did you know in April of 1986 when the airlift operation was underway that General Secord was connected with it?

Mr. **Calero**. I could have suspected it, but no, I never knew anything for sure on that. I knew, I had been told by Colonel North that there was going to be this private effort to help us, to aid us in that. I don't know when I was told about it, but I knew that Colonel North knew about a private airlift operation.

Mr. **Barbadoro**. Did Colonel North consult with you about how the airlift operation should be structured and what it should do?

Mr. **Calero**. No.

Mr. **Barbadoro**. Did Colonel North ever share with you the particulars of how the airlift operation was going to be run?

Mr. **Calero**. No. No, we commented about it. I remember telling Colonel North that it was lousy.

Mr. **Barbadoro**. You were upset with the services that were being provided by the operation, correct?

Mr. **Calero**. Yes, I expected it to be a lot more efficient.

Mr. **Barbadoro**. What did they do for the FDN?

Mr. **Calero**. Well, they—I checked at one point but I am not sure now—that they gave us 200-hours of flying time, mostly to deliver goods from a neighboring place, and—but not very many. I don't remember how many trips into Nicaragua, which is what really counted.

Mr. **Barbadoro**. Did the airlift operation supply you with any donated arms?

Mr. **Calero**. No. They didn't give us any. We had enough arms. We had enough ammunition.

Mr. **Barbadoro**. So it is fair to say that what the airlift operation did for the FDN was simply transport the FDN's weapons from one location to another?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. They would take weapons from an FDN warehouse that you had already purchased and deliver them to your troops, is that right?

Mr. **Calero**. Yes sir, that was my understanding.

Mr. **Barbadoro**. Did you also know that the airlift operation was being used to support the Southern Front troops?

Mr. **Calero**. Yes, yes, I knew that.

Mr. **Barbadoro**. Did you know about the existence of the airfield in Costa Rica?

Mr. **Calero**. I heard about it at some point, but I don't remember when.

Mr. **Barbadoro**. Did Colonel North ever tell you that he had played a role in building that airstrip?

Mr. **Calero**. I remember talking with him about it but——

Mr. **Barbadoro**. What did he tell you about it?

Mr. **Calero**. Well, that there was this airfield that was built in Costa Rica and that it was built real quick. I heard something, as I say, but I had nothing to do with the south, and I hadn't even been to that country you mentioned for over 2 years, I guess.

Mr. **Barbadoro**. Mr. Calero, is it fair to characterize your knowledge of the airlift operation as kind of sketchy?

Mr. **Calero**. Yes, I would say so.

Mr. **Barbadoro**. Colonel North told you about it but he didn't tell you too much about the details and he didn't consult with you about how it should be run, is that right?

Mr. **Calero**. I never met any of the gentlemen, pilots, involved in this operation.

Mr. **Barbadoro**. Mr. Calero, Colonel North's appointment books show approximately 50 meetings with you between 1984 and 1986. Would you accept that as a fair estimate of the number of times you met with Colonel North?

Mr. **Calero**. Yes, I met with him every time I came to Washington, and sometimes we would meet very fast for 1 day and he would have to leave. Maybe we talked 5 minutes and then he said come back in the afternoon or come back the next day.

Mr. **Barbadoro**. You have already testified that you discussed the contributions you were receiving with Colonel North, correct?

Mr. **Calero**. I informed him, yes.

Mr. **Barbadoro**. And you also informed him of what arms you were purchasing?

Mr. **Calero**. I informed him of that, yes.

Mr. **Barbadoro**. What else did you talk about in these meetings?

Mr. **Calero**. The general aspects—how the war was going, what our prospects were, what the situation, internal situation in the United States was. The overall. I had—I think I said before I had no reservations when I spoke to Colonel North.

Mr. **Barbadoro**. Did Colonel North ever give you military advice?

Mr. **Calero**. Well, we commented, let's say, on military things. And I remember talking about that it was best to take out helicopters on the ground. It was easier, cheaper.

Mr. **Barbadoro**. That was in about November of 1984 that you had that discussion with him?

Mr. **Calero**. About that time probably.

Mr. **Barbadoro**. And that was specifically you were concerned about HIND helicopters that had been delivered to Nicaragua, is that right?

Mr. **Calero**. Yes, sir.

Mr. **Barbadoro**. Did Colonel North ever give you intelligence information?

Mr. **Calero**. Well, he could have only known if it was really intelligence. I have no way of knowing.

We did discuss positions of Sandinista troops, and he did tell me about the Sandinistas massing up at some point and about the Sandinista troops threatening, about a possible Cambodia operation by the Sandinistas.

Mr. **Barbadoro**. Robert Owen testified that he was a courier for Colonel North carrying maps and photographs of Sandinista military equipment to you in November of 1984 and February of 1985. Did you get such maps and photographs from Robert Owen?

Mr. **Calero**. Well, I don't remember. I don't remember if he delivered them or not, or who delivered them, but I did see photographs in the region or here about these helicopters in the Managua airport, and I did see maps that showed Sandinista troop concentrations, but those could have been prepared by our people, too. And I saw maps——

Mr. **Barbadoro**. Did you get them from Colonel North?

Mr. **Calero**. Directly from Colonel North or through——

Mr. **Barbadoro**. Either directly or indirectly, did you get them from Colonel North?

Mr. **Calero**. They could have come, yes, they could have come from him. I remember maps with radar installations.

Mr. **Barbadoro**. You wouldn't have gotten these maps from the CIA directly, would you?

Mr. **Calero**. No. The CIA sort of stayed away from us, yes.

Mr. **Barbadoro**. During the period the Boland Amendment was in effect, what kind of support did you get from the CIA?

Mr. **Calero**. They got support from us, I would say. We used to give them a lot of intelligence, a lot of information. They were always after us trying to find out what we were doing.

Mr. **Barbadoro**. In fact, you have characterized them as more snoopers than helpers during this period, is that right?

Mr. **Calero**. I used that word before, yes.

Mr. **Barbadoro**. Mr. Calero, did you ever meet with the President of the United States?

Mr. **Calero**. Yes, sir, a number of—3, 4 times, I believe.

Mr. **Barbadoro**. When did you meet with him?

Mr. **Calero**. The first time in April of 1985, I think.

Mr. **Barbadoro**. What was the purpose of that meeting?

Mr. **Calero**. We—the UNO directorate was introduced to him, and we met in the office of Mr. McFarlane.

Mr. **Barbadoro**. How long was the meeting?

Mr. **Calero**. I don't know, 10 minutes or so. It was more of a protocol meeting, I would say.

Mr. **Barbadoro**. In general, what did you discuss?

Mr. **Calero**. I don't think we came to a discussion. It was just a matter of meeting the President, thanking him for what he has done for us, and telling him about our decision, about our intent, about our coincidences.

Mr. **Barbadoro**. Did you discuss the contributions you had been receiving with the President?

Mr. **Calero**. No, no, no.

Mr. **Barbadoro**. You weren't thanking him for the contributions that you had received?

Mr. **Calero**. No. I was thanking him for his position vis-a-vis our situation.

Mr. **Barbadoro**. Did you discuss with the President the assistance that Colonel North had been giving you?

Mr. **Calero**. No, no, no.

Mr. **Barbadoro**. In any of the meetings with the President that you had, did you discuss either the contributions you had received or the support that Colonel North was giving you?

Mr. **Calero**. No, sir. No.

Mr. **Barbadoro**. Mr. Calero, did there come a time when you gave traveler's checks to Colonel North?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. When did you first give him these traveler's checks?

Mr. **Calero**. Early spring 1985.

Mr. **Barbadoro**. And in total how much did you give him?

Mr. **Calero**. We are still checking. We figure it's about $90,000.

Mr. **Barbadoro**. And did you give him these $90,000 worth of checks on one occasion or over the course of several occasions?

Mr. **Calero**. Over the course of several occasions.

Mr. **Barbadoro**. How did you come to give these checks to Colonel North?

Mr. **Calero**. In one of our meetings he brought out the fact that there was a private effort going to liberate the American hostages.

Mr. **Barbadoro**. Those are the hostages in Lebanon?

Mr. **Calero**. Yes.

And so I reacted immediately, saying that hostages, Nicaraguan hostages of the Sandinistas, American hostages of these groups in Lebanon, were one and the same, and I was happy to help, I would be happy to help in their liberation.

Mr. **Barbadoro**. What did he tell you about the private effort to get the hostages out?

Mr. **Calero**. Well, I mean aside from it being set up and needing support, nothing else.

Mr. **Barbadoro**. Did Colonel North ask you for money on that occasion?

Mr. **Calero**. He didn't say—he didn't say, "Give me money," but——

Mr. **Barbadoro**. It was clear to you from the context that he was looking for money from you; is that right?

Mr. **Calero**. It was clear, yes, that I could help, and I gladly did it.

Mr. **Barbadoro**. How much did you give him on this first occasion?

Mr. **Calero**. I don't know if it was $15,000 or probably $25,000.

Mr. **Barbadoro**. These checks that you gave him, they were drawn on a Cayman Islands bank, correct?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And the checks were in blank so that whoever signed them could cash them, is that right?

Mr. **Calero**. Yes.

Mr. **Barbadoro**. And on how many other occasions did you give Colonel North checks?

Mr. **Calero**. Maybe four other occasions—three, four other occasions.

Mr. **Barbadoro**. And would Colonel North tell you that he needed more money and you would bring it up to him, is that right?

Mr. **Calero**. Yes, yes.

Mr. **Barbadoro**. Did you ever use Robert Owen as a courier to deliver checks to Colonel North?

Mr. **Calero**. Not that I remember.

Mr. **Barbadoro**. Did Colonel North ever give you any other reason why he wanted these traveler's checks?

Mr. **Calero**. Well, he didn't give me any other reason, but I must say that at one point we discussed my passing money to other leaders of other factions of the Resistance. And we came to the conclusion that it was not politically sound to do that and at a later meeting he told me that I would not have to do it, that another way had been found.

Mr. **Barbadoro**. He never told you that the traveler's checks were going to be used to pay other Contra leaders, though, correct?

Mr. **Calero**. No, but I sort of imagined it.

Mr. **Barbadoro**. And he didn't give you any other reason why you might, he might need these checks, is that right?

Mr. **Calero**. No, no, no.

Mr. **Barbadoro**. Is it fair to say that once you gave him these checks you had no way of accounting for how he spent the money?

Mr. **Calero**. Well, I didn't ask him to sign a receipt for them, and I didn't ask him how they had been used. I had trust that he would use that for the furthering of freedom's cause.

Mr. **Barbadoro**. Robert Owen testified yesterday that Colonel North gave Owen $1,000 in traveler's checks as a wedding present. Did Colonel North tell you he was going to do that?

Mr. **Calero**. Not to my recollection.

Mr. **Barbadoro**. Mr. Calero, the committee asked you to try to identify those checks that you gave to Colonel North and provide us with copies of those checks. Did you do that?

Mr. **Calero**. Yes, at your request I provided you with such checks, yes. The cashed checks, yes.

Mr. **Barbadoro**. And how certain are you that the checks you gave us are the same checks that you gave to Colonel North?

Mr. **Calero**. Well, aside from some that I am sure were not given to him, I would say the overwhelming majority of them were given to him, yes.

Mr. **Barbadoro**. So there are some that you are not quite certain about but most of them you believe are the same checks?

Mr. **Calero**. There are some I am not quite certain, there are some I am quite certain I didn't, I mean I didn't give to him. But the majority, yes.

Mr. **Barbadoro**. The committee also asked you to give us your bank account records from July 1984 to January 1987. And you have provided those records to us, did you not?

Mr. **Calero**. Yes, I provided those records.

Mr. **Barbadoro**. Are those records a complete accounting of the banking activity of the FDN from July 1984 to January 1987?

Mr. **Calero**. Those are the only accounts we ever kept and you received the totality of the records.

Mr. **Barbadoro**. Mr. Chairman, I have no more questions of Mr. Calero. However, our GAO auditors have analyzed Mr. Calero's bank records from July 1984 through January 1987 and prepared two charts which with your permission I would like to take a minute to explain.

Chairman **Inouye**. Please proceed.

Mr. **Barbadoro**. Thank you, Mr. Chairman.

The first chart is displayed behind you, Mr. Chairman, and it explains the flow of money through the Calero bank accounts. As the chart shows and, by the way, the information contained in this chart is also reflected in exhibit APC-1. Mr. Calero received a total of approximately $33,600,000 in contributions. Of that $33,600,000, $32,000,000 was received from a foreign government which has been identified in other testimony as Country Number Two.

Mr. Calero also received $200,000 from Lake Resources, $1,045,000 from Intel Co-Operation, Inc., and $417,000 in miscellaneous deposits that the committee has not yet been able to identify.

Mr. Calero earned $248,000 in interest on these deposits, and spent all but $96,000 by January 1987. Approximately $19,178,000 was spent on arms and ammunition. As Mr. Calero testified today, he paid roughly $2 million to Gretch World and R & M Supply, companies associated with Ron Martin and James McCoy; approximately $11,350,000 was paid to Energy Resources, Mr. Secord's company; and $432,000 was paid to another arms company directly for one of the purchases made through General Secord.

Finally, $5.3 million was paid to associates of General Singlaub for arms and ammunition. Of the remaining money, the records show that approximately $670,000 was paid to other Contra factions by the FDN, and approximately $14 million was paid for nonlethal supplies.

The major recipients of these nonlethal supplies have been testified about by Mr. Calero, and they are listed on the chart.

Mr. Chairman, the second chart I would like to explain concerns the traveler's checks that were cashed by Colonel North. Of the $90,000 in blank traveler's checks that Mr. Calero testified he delivered to Colonel North, we have been able to identify approximately $25,000 worth that were cashed by DEA agents or their associates.

In addition, we have been able to identify $2,440 worth of traveler's checks that were endorsed and cashed by Colonel North himself. A summary of these checks is reflected on the chart to my right.

Of the checks cashed by Colonel North, 340 were cashed at food stores between April 21, 1985, and July 2, 1985, for purchases totaling $118.15. The balance was returned to Colonel North in cash. Another $220 in traveler's checks were cashed by Colonel North at other retail establishments between May 7 and November 30, 1985. Since most stores do not retain receipts for more than a year, we were able to identify only what was purchased at National Tire Wholesalers.

That $100 traveler's check was applied towards a $101 purchase of snow tires. The balance of the checks cashed by Colonel North, $1,180 worth, were cashed and used at the businesses listed in the chart. There again, most of the institutions don't keep receipts for more than a year.

Mr. Owen testified yesterday that Colonel North kept a ledger in which he recorded the traveler's checks and their disposition. That ledger was not found at the NSC, nor is there any other record of which we are aware which provides an accounting for the traveler's checks that Colonel North received from Mr. Calero.

Therefore, we have no information with respect to the reason for the use of the checks by Colonel North other than what appears on the checks themselves and, in one case, the receipt from National Tire Wholesalers.

Thank you, Mr. Chairman. Mr. Chairman, the information on that chart is also reflected in exhibit APC-6.

Chairman INOUYE. Thank you very much, Mr. Barbadoro.

We will now hear from Mr. Ken Ballen, the deputy attorney for the House Committee.

Mr. Ballen——

Mr. BALLEN. Thank you very much, Mr. Chairman. I don't have any questions of Mr. Calero.

Chairman INOUYE. I wish to now call upon Senator Heflin.

Mr. HEFLIN. Mr. Calero, you have cooperated with the committees that are involved in this panel and with the independent counsel, and have gotten all records for them voluntarily, and have you made yourself available for questioning at the request of the various committees and the independent counsel?

Mr. CALERO. Yes, sir.

Mr. HEFLIN. You have not sought to remove yourself from the jurisdiction or sought any immunity, if any were to be available to you?

Mr. CALERO. No, sir.

Mr. HEFLIN. Mr. Calero, you have a lapel pin on. Would you tell us what that pin stands for?

Mr. CALERO. This is the flag of my country, Nicaragua.

Mr. HEFLIN. Would you introduce your counsel that is with you at the table?

Mr. PORTUONDO. Senator, my name is Joseph Portuondo.

Mr. HEFLIN. And where are you from, sir?

Mr. PORTUONDO. Miami, Florida sir.

Mr. HEFLIN. I always believe in giving lawyers a little advertising.

Mr. PORTUONDO. Thank you for the plug, Senator.

Mr. HEFLIN. Mr. Calero, this investigation started on the issue of diversion of profits from Iranian arms sales to the Contras. Did you or any organization that you are connected with receive any of the money from the Iranian arms sales?

Mr. CALERO. I have denied receiving any of the money from the Iran arms sales from the beginning.

Mr. HEFLIN. Is that your opinion still today?

Mr. CALERO. Well, I have seen that Lake Resources did send money and so apparently we did get a minor, a very minor portion, if that money—if the money in Lake Resources came from the diversion.

Mr. HEFLIN. The deposits from Lake Resources are two checks, one in the amount of $175,000, the other in the amount of $25,000. Those deposits were made in your bank in November or October, as I recall, in the year 1985.

According to the testimony that has been presented here by General Secord and others, the United States did not involve itself in a manner by which profits could have been diverted until February of 1986. Therefore, if the deposits were made before any diversion occurred of profits from an arms sale, then you did not receive any aid from any arms diversion to your group of Contras that were involved?

Mr. **Calero**. No, sir.

Mr. **Heflin**. If any of the moneys went to the benefit of the Contras, then they went to groups or provided services other than to you?

Mr. **Calero**. Yes, sir. The airlift——

Mr. **Heflin**. The airlift could have possibly be moneys that could have come from the arms sale?

Mr. **Calero**. Yes.

Mr. **Heflin**. All right sir. Now, in regards to the Lake Resources, Energy Resources, the Hakim-Secord group, did you ever get any ammunition from them that you didn't pay for?

Mr. **Calero**. No, sir.

Mr. **Heflin**. Did you ever get any grenades, rifles, mortars, or any other weapons from them that you didn't pay for?

Mr. **Calero**. No, sir. I stated that after the Sealift Number Two, we did receive what was short shipped at a later date.

Mr. **Heflin**. But you had paid for those?

Mr. **Calero**. I had paid for those, yes.

Mr. **Heflin**. So the short shipment of ammunition that came from Energy Resources that may have come at a later time was still those that you paid for?

Mr. **Calero**. We paid for, yes.

Mr. **Heflin**. All right sir, so now, in regards to the air drops where weapons were used or supplies were used, did they not come from your warehouses and were not equipment, ammunition that might have been acquired by the Lake Resources of that group?

Mr. **Calero**. My understanding was that they came from our warehouses and not only that, but that we supplied some of our materials also to be dropped in the Southern Front.

Mr. **Heflin**. All right, sir. I believe the testimony has been that there were nine air drops that Lake Resources was involved in, or an agency connected therewith. Would that be approximately right according to your knowledge?

Mr. **Calero**. Just about, yes.

Mr. **Heflin**. At the same time, in the year 1986, during that entire year of 1986, what was the troop—number of troops that were in the Northern Front?

Mr. **Calero**. During 1986?

Mr. **Heflin**. 1986.

Mr. **Calero**. We had in border areas, we could have had about 12,000 and deep inside the country over 4,000.

Mr. **Heflin**. All right. Then you would say somewhere in the neighborhood of 15, 16,000, something like that?

Mr. **Calero**. Sixteen thousand.

Mr. **Heflin**. How many troops were there who were resisting the Sandinistas in the Southern Front at the time in 1986?

Mr. **Calero**. Those, sir, I only have estimates for that and hearsay. I have no way of confirming——

Mr. **Heflin**. What is your best judgment?

. **Mr. Calero.** A few hundred.

Mr. Heflin. A few hundred?

Mr. Calero. A few hundred, yes.

Mr. Heflin. All right, sir. Now, you mentioned your visits to the President. Did he at any time, during that conversation with the President, indicate to you any statement or anything that would indicate that he knew anything about the diversion of arms sales from Iran to aid the Contras?

Mr. Calero. No sir.

Mr. Heflin. Did you meet with the Vice President?

Mr. Calero. In that particular visit in which we expressed our gratitude and he expressed his willingness to continue to insist on aid to us.

Mr. Heflin. How many visits did you have with the Vice President?

Mr. Calero. One in his office, but I have—I had met him in various two or three social, political events, let's say.

Mr. Heflin. But only one time in his office?

Mr. Calero. Only one time in his office, yes.

Mr. Heflin. All right sir. Now, you have made available to these records, and I am not trying to be critical or say derogatory remarks about you, but the natural questions that come to mind on the accounting system and the use of traveler's checks and the cash raises questions—I want to give you every opportunity to explain these questions, bearer traveler's checks, cash that is disbursed, anything of this raises the question that corruption could take place.

We realize that there is a lot of secrecy that is necessary in an operation like you carried on, but you yourself are a businessman. It is my understanding that you taught accounting at the University of Central America, that you were the Dean of Faculty of the School of Business Administration and Economics at this university.

Would you tell us, as a basis, why there is an absence of what you would normally expect of accountability pertaining to the business transactions of the—your keeping of the books or the people who kept the books under your direction?

Mr. Calero. We have books and we have trunkfuls of canceled invoices which we put at your disposal, at the disposal of some of the members of the counsel—counsel members, let's say, of this committee, and we have—most of our business was done through bank transfers that can be very easily traced.

As you see, only about 10 percent was used in traveler's checks, and that would be on account of expediency, on account of the fact that it can be protected, I mean the person who has them can be protected if he loses them, and the fact that we foreigners make a lot of use—there is a customary habit to make use of traveler's checks and we were not charged any commission by the bank issuing the checks, which was another advantage.

Mr. Heflin. Well, traveler's checks raise the question then relative to the Contras—the soldier in the field can't cash a traveler's check. The Indian or the Creoles don't cash traveler's checks.

Mr. Calero. We used to purchase cordobas for them.

Mr. **Heflin**. Well, $3 million in traveler's checks, basically bearer traveler's checks—that naturally raises suspicions. I am still at a loss to understand why the instant—why, for example, we have there up in the accounting there, there is $5,660,000 some-odd dollars that is still in the effort to try to get to the bottom of, that we are informed that some of those are cash, some of those are just unknowns, which would indicate that the books and the records raise some question as to these issues. So I just want you to have a full opportunity to explain any of this and try to eliminate these questions that exist in my mind and in other people's minds.

Mr. **Calero**. We can account for the use of traveler's checks. We can account for every one of the transactions that are listed there, and we have invoices, we have records that will show that everything was properly used and you are welcome to all those records that we have.

Mr. **Portuondo**. Excuse me sir. May I interrupt for one moment? There is something missing from these proceedings that should be known. That is that I personally went to Central America with investigators of your staff and made available to them the records which would show every single expenditure on those charts.

I confirmed that willingness for us to provide that information to you and that has not been followed through. That willingness still holds true, we can account for every dime spent. We have the records to prove that.

Chairman **Inouye**. Where are these documents now?

Mr. **Portuondo**. Central America.

Chairman **Inouye**. Are they available to this committee?

Mr. **Portuondo**. They have been available to this committee since February.

Chairman **Inouye**. Thank you.

Mr. **Heflin**. Well, I would assume, knowing my Chairman, that we will make every effort if there has been some reason why they have not been, but this to me needs to be cleared up, it needs to be cleared up for people who have supported the Contras.

I might say that in the Senate committee that in the selection, the Majority Leader selected six members and three of them have consistently, including myself, supported the Contras, and these are naturally questions that arise that we, believing that taxpayer dollars or any other money, wherever it comes from, it ought to be accountable for, so if it could be cleared up it would be very helpful.

Now, you had how many bank accounts?

Mr. **Calero**. We had six bank accounts.

Mr. **Heflin**. Where were they?

Mr. **Calero**. They were in Panama, and Cayman Islands and one of them in Miami, but in the international department of Barkley's I believe.

Mr. **Heflin**. Sir, in the chart that we see, we see some people who are in effect money brokers, money changers, Marin/Lacayo, and those people that are there, which had pretty sizable moneys. As I understand it, they were in effect transferring currency from one country to the currency of another country. Is that primarily what they were doing?

Mr. **Calero**. Yes.

Mr. **Heflin**. Well, with bank accounts in the Cayman Islands and in Panama, why do you use money changers? Could not those banks issue it in the currency of the country where it was to be used?

Mr. **Calero**. Well, I do not think so, and if they would have, they would have done it at a much lower exchange rate than we are able to obtain ourselves.

Mr. **Heflin**. In other words, the ones that you used, Marin and the other one, you would have used them because you would have saved money?

Mr. **Calero**. We would have—well, either saved money or made or cashed our dollars at a better exchange rate.

Mr. **Heflin**. All right, sir. You had worked with the CIA before this private money came in. Were there accounting systems that the CIA required you to follow relative to expenditures?

Mr. **Calero**. Yes, we gave them an accounting. It was a very simple accounting, so much received, and so much out, and we supplied those. I was not directly in charge of it.

Mr. **Heflin**. All right, sir.

Now, did you have any relationship with Hasenfus or Sam Hall, who were captured?

They were not a part of any operation that you were conducting?

Mr. **Calero**. No, sir.

Mr. **Heflin**. All right, sir. Now, we mentioned the Southern Front and involved in this period of time that efforts were being made to help the Resistance on the Southern Front. Were you making contributions to the Southern Front also?

Mr. **Calero**. Yes, sir. As a matter of fact, we gave Mr. Chamorro—listed there with $50,000—we supplied him with $230,000 actually, and we gave them also materials whenever we could, but it was very difficult for us to deliver such materials.

Mr. **Heflin**. Do you have any idea of the value of the contributions that you were making to the Southern Front?

Mr. **Calero**. It would be difficult because we supplied them with weapons and ammunition that we already had, but that is cash supplied to them. We also supplied the Kisan with food and weapons and ammunition, which is not listed there because we assumed it within our records.

Mr. **Heflin**. Now, you purchased arms from General Singlaub and Barbara Studley. Was the price of the arms that you purchased from them substantially lower than the prices that you had paid to other arms merchants?

Mr. **Calero**. Well, I only dealt with three different people in the purchase of weapons actually, and we got—the first weapons we purchased were on credit—about 5,000 rifles on credit. We paid $300 per rifle, G-3's, and then from General Secord, we got, we had some real good prices on specialty ammunition brought from the Far East down to about $75,000 a thousand, which is good.

And then through General Singlaub's friends, we also got very, very good prices, you know.

Mr. **Heflin**. It is your understanding that the General Singlaub purchase came from Poland?

Mr. **Calero**. General Secord's, no.

Mr. **Heflin**. No, Singlaub.

Mr. **Calero**. General Singlaub's? I understand that they were manufactured in Poland, yes.

Mr. **Heflin**. Is it your understanding that the weapons that General Secord was involved in came from Country Four?

Mr. **Calero**. Well, I don't know which Country Four is.

Mr. **Heflin**. You don't know Country Four?

Mr. **Calero**. They came from Europe.

Mr. **Heflin**. They came from Europe or did they come from Asia?

Mr. **Calero**. Well, from Asia some, and from Europe, the second shipment.

Mr. **Heflin**. Well, was it rather surprising to you that a great number of the arms that you were buying were coming from Marxist countries?

Mr. **Calero**. Well, I never—I am never surprised of anything the Marxists do.

Mr. **Heflin**. Well, I suppose we are learning more and more of that in this entire investigation.

You made, in my judgment, a very excellent opening statement. Would you give us some idea now of the effectiveness of the Contra force in Nicaragua and what you anticipate could be done if it is supported?

Mr. **Calero**. Well, since December, when the aid from the United States began to be effective we have reinfiltrated from border areas about 9,000 men. They are scattered throughout the country of Nicaragua. The Sandinista Government has been hurting greatly. We have even gotten some good press in the papers in this town here, which wasn't the fact before.

And we have gotten the people in Nicaragua to become more hopeful, more enthusiastic, more participative in the effort to free our country, and definitely if we have sustained U.S. support, which we have not had to the present time, it would be a clear message to friend and foe in Nicaragua and the surrounding countries and we will, within a reasonable period of time, of months, be able to bring about a climate of collapse of this repressive government in our country, and we will repeat what happened with the Somoza regime.

Mr. **Heflin**. Thank you, sir. That is all.

Chairman **Inouye**. Congressman Brooks.

Mr. **Brooks**. Thank you, Mr. Chairman.

Mr. Calero, you have testified that when you joined the FDN in February of 1983 that the Contras were being supported by the CIA. Were they receiving assistance from any other group, governmental or private?

Mr. **Calero**. When I came there, I met with some Argentine military who had been also helping, and for a time I understand were the go between of our representatives and the U.S. Government officers.

Mr. **Brooks**. Mr. McFarlane testified that covert CIA support for the Contras began in 1981. Who funded the Contras prior to that time?

Mr. **Calero**. Prior to that time it was spontaneous. I was not part of it, but it was a spontaneous reaction to the repression of the Sandinista regime.

Mr. **Brooks**. Who funded them?

Mr. **Calero**. On the part——

Mr. **Brooks**. Who gave them the money?

Mr. **Calero**. There was almost no money involved in the first people who began to react against the Sandinista Government, just farmers, peasants who had helped the Sandinistas before and now began to fight them.

Mr. **Brooks**. General Singlaub indicated that he provided $5 million worth of weapons to you in 1985.

Mr. **Calero**. Yes, sir.

Mr. **Brooks**. About $5 million, give or take $2 or $300,000?

Mr. **Calero**. We paid for them, yes.

Mr. **Brooks**. He said that he charged you $135 U.S. for AK-47s.

Mr. **Calero**. Yes.

Mr. **Brooks**. Was that right?

Mr. **Calero**. Right, sir.

Mr. **Brooks**. What were you charged by your other suppliers for AK-47s, just that rifle?

Mr. **Calero**. Yes, well, AK-47s and G-3s, and I remember seeing prices of $180, or so, $200, and for the G-3s, we pay $300, and previous to that I understand that the FAL Belgian automatic rifles had been purchased for $600 apiece.

Mr. **Brooks**. And did you pay $250 for some AK-47s from General Secord?

Mr. **Calero**. In the second sealift, I do not remember the exact price, but that could be it, yes.

Mr. **Brooks**. How about Roy Martin?

Mr. **Calero**. We paid for the G-3s that we bought from him on credit at $300, 300-some-odd dollars.

Mr. **Brooks**. You understand that the difference between the $135 that you paid General Singlaub and the $250 that you paid for AK-47s to General Secord is about $115.

Mr. **Calero**. Yes, but——

Mr. **Brooks**. And on a thousand rifles, that is $115,000 that you left on the table when you made that trade with him.

Mr. **Calero**. And the U.S. Government had paid $600 for the FAL rifles that had been given to us.

Mr. **Brooks**. Why is that?

Mr. **Calero**. Because, I mean they are higher prices and of course General Singlaub's price offer was outstanding, I mean, but—and it was made after we had made these purchases after different prices.

Mr. **Brooks**. What happened to those weapons?

Mr. **Calero**. The weapons that——

Mr. **Brooks**. Did you get them?

Mr. **Calero**. General Singlaub's?

Mr. **Brooks**. Yes.

Mr. **Calero**. Our forces—that is the rifle our forces are fighting with now—to this date.

Mr. **Brooks**. Were they stopped in Honduras and put in a warehouse, and you had some difficulty with them?

Mr. **Calero**. They came to Central America and were given to us, and they all have been distributed now.

Mr. **Brooks**. They now have all been issued. Was there some delay in that?

Mr. **Calero**. Not on those rifles that I remember.

Mr. **Brooks**. Not that you remember?

Mr. **Calero**. No.

Mr. **Brooks**. You could check on that, though?

Mr. **Calero**. I could check and see when they began to be—I supplied an inventory of supplies and from there you can——

Mr. **Brooks**. We can track that?

Mr. **Calero**. Yes.

Mr. **Brooks**. Why did Colonel North and General Secord quit transferring money to your own accounts for you to purchase weapons and instead at this point when you bought that from Singlaub, they then began buying and delivering weapons themselves, obviously at higher prices?

Mr. **Calero**. I did not get those weapons that they bought, if they bought any weapons, and it would be necessary to ask them. I would be judging something that I——

Mr. **Brooks**. You didn't get them?

Mr. **Calero**. No, I didn't.

Mr. **Brooks**. They bought them for you but you didn't get them?

Mr. **Calero**. No, I don't know if they bought them for me. I don't even know if they bought any. That would have to come from them, I would say, sir, the answer.

Mr. **Brooks**. Mr. Calero, were you involved in any way in the CIA project to mine the Nicaraguan harbors in 1984?

Mr. **Calero**. Well, our involvement—there was one of our men, I believe it was Commandante Bermudez, took a trip down the Nicaraguan coast and stayed for 3 or 4 days out in the ocean at one point. That was back in 1983, and given the period of the mining, so, yes, I mean, we had——

Mr. **Brooks**. You had something to do with it?

Mr. **Calero**. We had something to do with it, yes.

Mr. **Brooks**. I note that you were quoted in the New York Times in April 20, 1984, saying "We claim there are no Americans involved, not one U.S. citizen is involved in the mining."

Mr. **Calero**. Yes, I was referring to the actual placing of the mines, and I still say it to this day. No American citizen was involved.

Mr. **Brooks**. Who did place them?

Mr. **Calero**. Operatives, operatives that had been——

Mr. **Brooks**. Operators?

Mr. **Calero**. Well, people who were familiar with the Nicaraguan coast. Probably some Nicaraguans and some people who were piloting or——

Mr. **Brooks**. Would they have been any Americans?

Mr. **Calero**. No, no.

Mr. **Brooks**. Couldn't have been any Americans?

Mr. **Calero**. I—throughout these years, I have understood there were no Americans involved.

Mr. **Brooks**. Who told you where to put them?

Mr. **Calero**. Well——

Mr. **Brooks**. You just scattered them out, or did you have some pattern?

Mr. **Calero**. I am—that is strictly a military thing that was done, and I was not familiar with that.

Mr. **Brooks**. Where did you get the mines?

Mr. **Calero**. I understand that the mines were made, they were very small mines they were made in the region.

Mr. **Brooks**. Made where?

Mr. **Calero**. In the region, in the Central American region.

Mr. **Brooks**. In the region?

Mr. **Calero**. Yes.

Mr. **Brooks**. And who paid the operators to put those in?

Mr. **Calero**. I don't know, sir.

Mr. **Brooks**. Well, now, you said you met with the President three or four times, and one time you met with him for 10 minutes, and you thanked him, but not for money, just thanked him for his general attitude of encouragement.

Mr. **Calero**. Yes.

Mr. **Brooks**. That was your testimony.

Mr. **Calero**. Yes.

Mr. **Brooks**. And you said no one attended that meeting with you?

Mr. **Calero**. Well——

Mr. **Brooks**. You went by yourself?

Mr. **Calero**. No, no, I said that we had.

Mr. **Brooks**. We?

Mr. **Calero**. Meaning the three directors of the Unified Nicaraguan Opposition?

Mr. **Brooks**. All three of you went to that meeting?

Mr. **Calero**. Yes.

Mr. **Brooks**. Now the other meetings you had. You had three other meetings?

Mr. **Calero**. Yes.

Mr. **Brooks**. Did you all three go to those other meetings?

Mr. **Calero**. Yes.

Mr. **Brooks**. All three of you?

Mr. **Calero**. All three of us, and I had the opportunity to be with the President at a social, one or two other social political events, where I went in line to say hello to him, yes.

Mr. **Brooks**. When the three of you went to see him, to see the President the three other times, was anybody else with the President at that time?

Mr. **Calero**. The first meeting was—I remember Colonel North, who escorted us to the place, and Mr. McFarlane, and I believe that was it. The second meeting, there were involved more people, but I would not——

Mr. **Brooks**. Did it include Colonel North and Bud McFarlane?

Mr. **Calero**. Colonel North always escorted us over——

Mr. **Brooks**. Always brought you in?

Mr. **Calero**. Yes.

Mr. **Brooks**. Was Mr. McFarlane there at the other meetings?

Mr. **Calero**. I do not remember. I think it was Mr. Poindexter.

Mr. **Brooks**. Now, Mr. Calero, according to your deposition, after you began receiving this money from foreign sources, this $32—$33.5 million, procurement of supplies was handled by various individuals, including your brother.

Mr. CALERO. Yes.

Mr. BROOKS. Now, what were the financial arrangements under which your brother handled this procurement?

Mr. CALERO. He——

Mr. BROOKS. Or these procurement matters?

Mr. CALERO. He handled these procurements for us in the city of New Orleans, and then continued to handle these procurements during the period when the State Department was giving us the humanitarian money.

And the State Department, the NHAO agency, Nicaragua Humanitarian Assistance Office, checked on the suppliers, approved them, checked on the items that could be purchased, and approved them, checked on the prices of the items that were approved, and then made the payment.

Since this has come up, and it is something that really concerns me because of it being my brother, the General Accounting Office made an audit of that operation in New Orleans, and it cleared. It is the only operation of ours on account of jurisdictional problems that has been cleared by the GAO.

And I thank you for asking that question and clearing that situation.

Mr. BROOKS. I am glad. And he doesn't manufacture boots—your brother?

Mr. CALERO. No, he bought from——

Mr. BROOKS. He is a broker, what would you say his role is?

Mr. CALERO. His role was buying for us at the best price at the best opportunity——

Mr. BROOKS. Just a buyer?

Mr. CALERO. Timely, and he—I told him to—at one point, I told him to obtain letters from each one of the suppliers, notarized letters, which indicated exactly what his role had been, and what their relationship had been.

Mr. BROOKS. He is not another one of these patriots without profit, though, is he?

Mr. CALERO. He did not earn—never got a commission, those letters say.

Mr. BROOKS. No commission?

Mr. CALERO. Never asked for a commission, and he had a living allowance, I believe, of $2,000 a month.

Mr. BROOKS. And that was it?

Mr. CALERO. Because he had quit the job he had, and he had given up on an interest that he had in a greenhouse.

Mr. BROOKS. Thank you, Mr. Chairman. I have no further questions.

Chairman INOUYE. Thank you very much.

Senator Cohen.

Mr. COHEN. Thank you, Mr. Chairman.

Mr. Calero, thank you for your testimony. I think you may do for traveler's checks what Karl Malden has done for American Express.

But I would like to ask you about 1983. We talked a little about the mining of harbors. Were you involved in the planning of an attack on Managua airport in 1983, September of 1983?

Mr. **Calero**. No, sir. I think that attack was performed by the Southern Front.

Mr. **Cohen**. I had a little bit of a personal interest in asking, since I arrived that day. I just wanted to know who was doing the planning at that time.

When you joined the FDN, I assume you did so out of a commitment to remove the Sandinistas from power. You saw them as a cancer upon the country, did you not?

Mr. **Calero**. Yes, sir.

Mr. **Cohen**. And there has never been any doubt in your mind, or those of your followers, that your intent and goal was to clear them out of Nicaraguan society?

Mr. **Calero**. Yes, sir.

Mr. **Cohen**. You didn't join the FDN simply to interdict arms going into El Salvador?

Mr. **Calero**. No, sir. But I felt that there was no contradiction there.

Mr. **Cohen**. Right. But that was not your purpose.

Mr. **Calero**. That was not.

Mr. **Cohen**. Your men were not going out there to fight and lay down their lives to simply stop the flow of weapons going to a neighboring country?

Mr. **Calero**. No, sir, definitely not.

Mr. **Cohen**. And you certainly were not jeopardizing your lives simply to harass the Sandinistas on the periphery to keep them preoccupied?

Mr. **Calero**. No, sir.

Mr. **Cohen**. Your goal from the beginning has been to remove the Sandinistas militarily?

Mr. **Calero**. Well, we have always thought—and we had the recent experience of Somoza—that to change the situation in Nicaragua, we had to have a strong military offensive, plus a political offensive.

Mr. **Cohen**. But you——

Mr. **Calero**. And diplomatic offensive.

Mr. **Cohen**. You never believed the Sandinistas were going to negotiate away their power?

Mr. **Calero**. Not without military pressure.

Mr. **Cohen**. Even with military pressure, from your own studies of history, have you ever known a Communist government to negotiate away its power?

Mr. **Calero**. Never.

Mr. **Cohen**. So it was never your intent really to try to negotiate with the Sandinistas unless it was surrender on their part?

Mr. **Calero**. Well, or unless it was a life-saving situation on their part.

Mr. **Cohen**. Well, if you were on the outskirts of Managua and the Sandinistas said, "Can't we talk." At this point, are you going to lay down your weapons?

Mr. **Calero**. I don't believe in surrendering and then negotiating.

Mr. **Cohen**. The reason I raise these questions is because there were a number of representations made to the U.S. Congress. You commented very eloquently in your opening statement about the on-and-off-again policies, the contradictions, the internal divisions, not only within Nicaragua but within the U.S. Congress and the United States itself. Part of the difficulty has come about by virtue of the fact that the administration over a period of time has represented different things to the U.S. Congress and therefore the American people, namely, that we are only using you for the purpose of interdicting the flow of arms.

This would be the purpose of providing you with a limited amount of weapons and materiel, not to help remove the Sandinistas, but to stop the flow of weapons going elsewhere. That lasted for a short period of time and then we had another rationale, which was simply to harass the Sandinistas to keep them from consolidating their power.

But that is not the reason that you were out there fighting, and that representation, if that were represented to you as the rationale for what we were doing, that would not be—let me rephrase it.

Would it be somewhat deceitful to you to suggest we were only there to use you to help us prevent the flow of arms to the Sandinistas?

Mr. Calero. Well, we understood that you had to have a reason acceptable by this government in order for us to be supported. And since support to us means so much, we have to comply with conditions that we do not necessarily like or think are appropriate.

Mr. Cohen. You didn't like the particular conditions that were laid down to you?

Mr. Calero. No, no, no, but we have very little choice.

Mr. Cohen. You had no choice under the circumstances?

Mr. Calero. Right.

Mr. Cohen. Were you ever advised by Colonel North or Mr. Owen or anyone else to say or never say that your intent was to overthrow the Sandinistas?

Mr. Calero. I have always said what I think was right, but of course I have taken care not to come right on, or head on, with policies of this administration or with interests of this country, which I have always looked after as long as they were not in contradiction with the interests of our country.

Mr. Cohen. I take it your answer is that you were told not to say that your intent was to overthrow the Sandinistas?

Mr. Calero. I don't remember that—someone said that that was said before I joined the FDN, you know, at a meeting in Fort Lauderdale, FL, when I was still in Nicaragua.

Mr. Cohen. You have talked about President Reagan's meeting. Was Admiral Poindexter present in any of these meetings?

Mr. Calero. Yes, Admiral Poindexter was present at our second and third meeting probably, or at our third meeting.

Mr. Cohen. Again, never any discussion about fund raising during those meetings?

Mr. Calero. No, sir, none at all.

Mr. Cohen. How about the Vice President?

Mr. Calero. The Vice President was present—I don't know if he was present at one, but we visited—the three directors of UNO at that time visited the Vice President.

Mr. Cohen. Where was that?

Mr. Calero. In—we had a scheduled meeting with him the day of the unfortunate accident of the Challenger, and that was cancelled, and then it was put on later on, a few months later, and we had a protocol visit with the Vice President.

Mr. COHEN. A matter of minutes?

Mr. CALERO. A matter of minutes, yes. Yes.

Mr. COHEN. And did you ever just—just one meeting with the Vice President?

Mr. CALERO. One meeting, one official, formal meeting.

Mr. COHEN. Any of subordinates like Mr. Gregg? Did you ever meet with them?

Mr. CALERO. I met with Mr. Gregg and he took care of us the day the Vice President couldn't do it on the Challenger date, and then I do not remember if Mr. Gregg was present at the next one. I do not remember.

Mr. COHEN. So your contact with the Vice President was very limited?

Mr. CALERO. Very limited, yes.

Mr. COHEN. A matter of protocol only?

Mr. CALERO. Yes, sir.

Mr. COHEN. Now, with respect to General Secord, you apparently ordered the arms in 1984, the summer of 1984, correct?

Mr. CALERO. Yes, sir.

Mr. COHEN. And you paid for them in December of 1984?

Mr. CALERO. I—there was an advance at some point and then——

Mr. COHEN. And they arrived in April 1985?

Mr. CALERO. Yes, sir.

Mr. COHEN. On that slow boat you referred to?

Mr. CALERO. Yes, sir.

Mr. COHEN. Now, you were led to believe, according to what you said this morning, that General Secord held himself out as the one who brought about that rather substantial contribution?

Mr. CALERO. Yes, I had the impression that he had helped——

Mr. COHEN. You felt rather indebted to do business with him as a result of that, didn't you?

Mr. CALERO. Well, I had done business even before this substantial contribution came and the prices that he got in that—the slow boat was for purpose of identification—were extremely good, $75; $75 per thousand rounds of ammunition is unbeatable. And——

Mr. COHEN. Did you ever have any suspicion that there was a profit being made?

Mr. CALERO. It did—even though I was told that that was not the case—it did come up, yes.

Mr. COHEN. Did you ever have a conversation with General Singlaub pertaining to whether a profit was being made?

Mr. CALERO. General Singlaub thought that there was a profit being made, and he told me so, yes.

Mr. COHEN. He told you there was a profit being made?

Mr. CALERO. Yes, he told me there was a profit being made. That was after I had made the——

Mr. COHEN. Did you prefer to do business with General Singlaub?

Mr. CALERO. Well, the friendship and the affection that I had developed with General Singlaub is difficult to have for other people.

Mr. COHEN. I take the answer is you preferred to do business with him?

Mr. CALERO. Yes, sir.

Mr. **Cohen**. Did you ever tell General Secord that General Singlaub was going to deliver certain weapons from a certain country and that General Secord responded by saying Singlaub can't deliver?

Mr. **Calero**. Yes, he thought—I mean, the price was so, you know, so low that he thought he couldn't do it, he couldn't do it. Yes, he told me that, yes.

Mr. **Cohen**. So you thought you had a pretty good price going through General Singlaub and General Secord said he can't deliver on that?

Mr. **Calero**. Yes. He thought that it would be extremely difficult to come through, you know.

Mr. **Cohen**. But the implication is you should do business with me?

Mr. **Calero**. Well, I mean, if that was the implication, I didn't pay any attention to it.

Mr. **Cohen**. You continued to do business with General Singlaub?

Mr. **Calero**. Yes.

Mr. **Cohen**. Did you ever complain to Robert Owen that you were either being overcharged or, in common parlance, ripped off by anyone?

Mr. **Calero**. No. You know, that was my—because I kept my comments—I am not one to go around commenting things, you know, with just anyone. That must have been my brother who is a bit more expressive than I am.

Mr. **Cohen**. Well, did you ever express it to your brother?

Mr. **Calero**. No, no, no.

Mr. **Cohen**. How would your brother come to speak with Mr. Owen?

Mr. **Calero**. Well, because my brother, he is a great, great conversationalist, and he was in touch with General Singlaub and he came down to the region, you know, and he was always asking things and inquiring.

Mr. **Cohen**. So in this memo that was provided to the committee pertaining to Robert Owen, the following is said,

> Mario told me in Miami why Aldolfo and company are upset with me and freezing me out. I am looked upon as the responsible party for a number of the problems they are having. They look at me as the one carrying the water for you.

You always knew that Mr. Owen was carrying the water for Oliver North, didn't you?

Mr. **Calero**. Well, even though I was—our organization was paying Mr. Owen, I mean, we knew that he would be informing——

Mr. **Cohen**. He was TC, wasn't he? He was the courier?

Mr. **Calero**. Yes, the courier, yes.

Mr. **Cohen**. What was your code name, by the way?

Mr. **Calero**. You know, I was surprised to learn that mine was Sparkplug. I have always thought of myself as being sort of calm.

Mr. **Cohen**. Didn't you have another code name? Does Barnaby ring a bell?

Mr. **Calero**. Yes, that is it. Barnaby, yes. That I use myself.

Mr. **Cohen**. Where did Barnaby come from?

Mr. CALERO. I don't know. One day I was asked by Colonel North, you know, to think of a name, and that was my maternal grandfather's name, yes.

Mr. COHEN. OK. "I am looked upon as the one carrying the water for you. They are saying I am intimately tied to Secord."

You had no doubt that he was working with Secord, this Mr. Owen.

Mr. CALERO. No. I did not associate necessarily with Secord, no.

Mr. COHEN. "Among the things they connect me to are the following: the purchase of the Maules at a higher price than necessary." Did you ever complain about the price of the Maules?

Mr. CALERO. No, but I heard General Singlaub say that that was pretty expensive. General Singlaub used to talk to my brother, too, on the side. So that probably came from General Singlaub.

Mr. COHEN. Was General Singlaub stirring up a little trouble on the side with your brother?

Mr. CALERO. Stirring trouble?

Mr. COHEN. No. Was he stirring up a little trouble on the side with your brother? In other words, he is talking to your brother about the high price of these——

Mr. CALERO. Oh, yes, they probably commented because they are friends also.

Mr. COHEN. And the stopping of the export of the Lady Ellen helicopter, did he ever complain about that?

Mr. CALERO. Well, right now we have a helicopter that has been donated to us by a private donor, and it is still sitting in this country and that is the helicopter we need for Medivac. And I don't know——

Mr. COHEN. You must have complained about it then, didn't you?

Mr. CALERO. Yes, I must have. I am complaining about this other one now.

Mr. COHEN. How about bringing Gadd into the picture?

Mr. CALERO. I don't remember ever meeting—I don't know Mr. Gadd. My brother does, though, because he was in charge of air transportation.

Mr. COHEN. Let me go on to NHAO funding. According to this memo, talking about sort of transferring money, exchanging money from American dollars into lempiras or whatever.

Mr. CALERO. Yes.

Mr. COHEN. And that there is a profit being made, some 37 percent profit, and Adolfo admitted to Duemling, Ambassador Duemling and Arce, that he is splitting this fifty-fifty with Marin, and that your share is going to the war effort. Is that what you were doing?

Mr. CALERO. Well, I would not have permitted anyone to take a share in it, and we did make a profit, which was informed to NHAO and the profit was incorporated in our income, and we reported that to Ambassador Duemling, and it was shown in our books and the total profit on that came to over, somewhat over a million dollars, and that is part of our income.

And the money exchanger, the money broker has a small fee, commission, which would never amount to 50 percent. I mean, that would have been outright stupidity on our part to have accepted such a division.

Mr. **Cohen**. So, as far as—let's come back to Mr. Owen now. He worked for you prior to going to work for the NHAO?

Mr. **Calero**. Yes, sir.

Mr. **Cohen**. You trusted him?

Mr. **Calero**. Yes, I trusted him. I think he is a good man.

Mr. **Cohen**. You signed a letter to that effect that recommended him?

Mr. **Calero**. Yes, sir.

Mr. **Cohen**. Did you come to distrust him as his memo indicated to——

Mr. **Calero**. Well, it was—I mean, we became, let's say—I went to say hello to him after, and he said thank you for talking to me. And I didn't know why I wouldn't talk to him yesterday. But let's say that he was—he began to hang around with people in this country that had always bad-mouthed the FDN and that were always trying to undermine our directing the FDN and undermine the FDN, too.

Mr. **Cohen**. You thought he was hanging around with people who were undermining your efforts?

Mr. **Calero**. Our efforts, yes. I mean, the FDN, I mean, they were favoring other factions and other—Americans that entered into this, let's say, internal differences of the Nicaraguan opposition.

Mr. **Cohen**. If Colonel North had asked you about whether you would approve a gift of $1,000 to Mr. Owen, would you have objected?

Mr. **Calero**. I would have considered it a payment, a compensation, let's say. I would have considered it a compensation.

Mr. **Cohen**. You wouldn't have had a problem with that?

Mr. **Calero**. I would not have objected.

Mr. **Cohen**. And you didn't have a problem with him requesting $50,000 in traveler's checks because it was going to the DEA for a rescue operation?

Mr. **Calero**. I didn't know it was going to be—I found out that until recently.

Mr. **Cohen**. But if you did, you wouldn't have had a problem?

Mr. **Calero**. No, no, no. I mean, I gave them money for a worthy effort, which I consider was one and the same with our own effort.

Mr. **Cohen**. But you didn't know what the effort was?

Mr. **Calero**. Oh, yes, I knew.

Mr. **Cohen**. He told you what it was going to be for?

Mr. **Calero**. Oh, yes, for the hostages, yes.

Mr. **Cohen**. As a practical matter, anything that Colonel North asked you, you have had to comply with?

Mr. **Calero**. No.

Mr. **Cohen**. No?

Mr. **Calero**. No.

Mr. **Cohen**. Wasn't he your only source of funding, as a matter of fact?

Mr. **Calero**. No, I didn't consider him my only source of funding because——

Mr. **Cohen**. Where else did you get the money? The charts show that you raised a total of $34 million, 32 of it came from one country.

Mr. **Calero**. Yes, from one country, but I didn't think that he was—I mean he was a man of another stature, I thought, not to bring in——

Mr. **Cohen**. But as a practical matter, he was the man controlling the funds and controlling your ability to acquire weapons during this period of time, from 1984 through 1986. As a practical matter——

Mr. **Calero**. Well, let's say one thing, I had very high respect for Colonel North, and he was very respectful with me, and we had a very, very good relationship. Yes, sir.

Mr. **Cohen**. But the point was that you were in fact indebted to the United States, a country that was helping to arrange the financing. Without the United States and Colonel North, you would not have been in a position to continue the war effort.

Mr. **Calero**. I realized that if the United States didn't wink an eye to other countries, we wouldn't get anything, and I was told so by foreign officials that I addressed myself to, aside from where the $32 million came from. I said we need money. Well, he says, if the United States will——

Mr. **Cohen**. You also received some M-79 grenades and grenade launchers. Were you aware of those coming from the United States?

Mr. **Calero**. M-79 grenades and grenade launchers? They had been short shipped in the Sealift No. 2.

Mr. **Cohen**. But they were of U.S. manufacture?

Mr. **Calero**. I never checked.

Mr. **Cohen**. You never checked?

Did you receive any night fighting equipment, night scopes?

Mr. **Calero**. We have—I believe we have two night scopes now, and all the pilots that are now flying at night have night flight equipment, yes.

Mr. **Cohen**. How about "bushmasters"?

Mr. **Calero**. Bushmasters?

Mr. **Cohen**. A type of weapon.

Mr. **Calero**. Bushmasters, I am not——

Mr. **Cohen**. You never heard of—you were in charge of getting the weapons?

Mr. **Calero**. Yes, but I never got anything, nor did I ever know there was something called a bushmaster.

Mr. **Cohen**. Were you aware of a discussion about turning over the airlift equipment to the United States, CIA? Were you ever aware there was an effort once funding started to be resumed by the Congress, that there was some discussion about turning back assets to the CIA?

Mr. **Calero**. No. No, sir, I was not, did not. I was not aware, but I remember my saying that I wish we could have those planes.

Mr. **Cohen**. Could I turn your attention to a document that we received? It is addressed to "My Friend," and it is approximately February of 1985. Did you ever receive a document from Colonel North?

Mr. **Calero**. I have looked at that letter a number of times. The information it has I am familiar with, fairly familiar with. I saw a draft, as a matter of fact, where the $20 million had been scratched out, but I do not recall, and I have been really trying my memory on that one, I don't recall getting that letter.

Mr. Cohen. If I were to tell you that that letter contained information pertaining to intelligence about the Sandinistas, you wouldn't disagree that you had that conversation, if not the memo itself, or the letter itself?

Mr. Calero. I don't know. I mean, I have seen the letter, but I don't remember——

Mr. Cohen. No, I think that you have already indicated in your previous testimony that you have discussed intelligence matters before.

Mr. Calero. Yes.

Mr. Cohen. And you also discussed military battle plans as such, as well, did you not?

Mr. Calero. I have said that—with the information they gathered from conversations with Colonel North, we never planned nor carried out any operation.

Mr. Cohen. Were you ever under the impression that you were controlled by the CIA?

Mr. Calero. Controlled——

Mr. Cohen. Under the control and direction of a CIA agent?

Mr. Calero. Well, I don't feel that I could be controlled by——

Mr. Cohen. Were you ever under the impression that you were being "handled" by the Central Intelligence Agency, someone was there assisting you, directing you, carrying messages back and forth?

Mr. Calero. No. Here again, my relationship with CIA people has been one of respect and mutual respect.

Mr. Cohen. And if Colonel North had ever said that you were being handled by an agent, that would be incorrect in your judgment?

Mr. Calero. Yes, but I have heard the expression at times that someone is assigned to someone, that he is his something——

Mr. Cohen. Was someone assigned to you?

Mr. Calero. No. I never had one particular person assigned to me that I know of.

Mr. Cohen. You may have had a series of separate individuals assigned to you?

Mr. Calero. I might have been trailed or tailed, or whatever you call it without my realizing it.

Mr. Cohen. Thank you very much.

Chairman Inouye. Thank you very much.

The committee will stand in recess until 2:00 this afternoon. At that time, the questioning will be resumed by Congressman Cheney.

[Whereupon, at 12:10 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to call, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman Inouye. The hearing will please come to order.

The chair recognizes Congressman Cheney.

Mr. CHENEY. Thank you, Mr. Chairman.

Mr. Calero, I want to join my colleagues in thanking you for your testimony. It has been very helpful in helping us understand all of this and also as a strong supporter of your efforts, I know a great many other Members would join with me in thanking you for your courageous and inspired leadership of a very worthy cause in Central America.

I would like to take just a minute, if I could, at the outset to clarify some confusion that I think developed this morning pursuant to some of the questions that were asked by Senator Heflin. A number of people have commented as the hearing broke up that the impression that somehow a lot of this money that is up on the chart behind us here is unaccounted for or can't be traced, or we don't know how it was spent.

Talking with staff and counsel, and perhaps your counsel would care to respond, it is my understanding that we have in fact had access to the records of how that money was spent, that those records are indeed quite thorough, and that there is not a big pot of money that flowed to you and the FDN that is unaccounted for. Is that correct?

Mr. PORTUONDO. That is correct.

Mr. CHENEY. And that those records have been available to us since February and have indeed been reviewed by staff counsel?

Mr. PORTUONDO. We visited Central America sometime in the—in the latter part of February with three people from this committee. They took a look at the records, decided it was too large to go through it at that point. When we returned to the United States, I was asked to make the records available. I said I would be willing to do that. I confirmed that in writing to this committee, and it was never followed up.

Mr. CALERO. I want to add that our financial department in 4 years, has changed places 14 times and in spite of that, we have records to account for whatever money was spent and that they are at the disposal of this committee.

Mr. CHENEY. Having looked at it, my own impression is that the accounting has been good. In fact it is better than some of the programs that the Federal Government operates.

I also would like, if I might, for just a minute, to focus on the traveler's checks that we have displayed up here that allegedly were cashed by Colonel North. Again, there seems to be some confusion, but as I understand it—and counsel can correct me for the committee if I am wrong—Category 1, we have specific checks cashed in food stores. Category 2, in retail stores. Category 3, some $1,800, almost $1,900 is basically unknown. We don't know what the purpose was. It may will have been for expenses in connection with your operations, would that be a fair statement, Mr. Calero—Pan American Airways, et cetera?

Mr. CALERO. Yes, travel, I would imagine.

Mr. CHENEY. These are not taxpayers dollars, is that not correct?

Mr. CALERO. Those are not taxpayers dollars. Those moneys came to us from foreign sources.

Mr. CHENEY. So that any impression that people may have that somehow we are talking about U.S. Government funds here either on that board or the boards behind me, simply is not correct?

Mr. **Calero**. Those are not U.S. Government funds and those are not even U.S. citizens funds, because they came from foreign sources.

Mr. **Cheney**. So any implication that somehow Colonel North or the FDN, under your leadership, was misspending U.S. Government money would be totally in error and totally inaccurate?

Mr. **Calero**. Right, sir.

Mr. **Cheney**. I would like to move on if I can. I have a lot of territory to cover. It is my understanding, based on your earlier testimony, you were in fact jailed by Mr. Somoza?

Mr. **Calero**. Yes, sir. I was jailed a number of times over the years, and the last time in September of 1978, and there is a witness here to that, because he helped get me out of jail—Congressman Fascell was instrumental in springing me out of jail.

Mr. **Cheney**. I didn't know he had that talent, Mr. Calero. It is my understanding that in the 1978 instance, you were jailed for helping organize a general strike in Nicaragua?

Mr. **Calero**. Yes.

Mr. **Cheney**. Would it be fair to say you were pleased to see Mr. Somoza depart the country as the president?

Mr. **Calero**. Definitely, sir.

Mr. **Cheney**. Was the U.S. Government involved in his departure? It is my understanding that we did in fact intervene fairly dramatically to encourage him to depart.

Mr. **Calero**. I would say that you intervened 7 months too late.

Mr. **Cheney**. Too late, why would you say that?

Mr. **Calero**. Because 7 months earlier the moderate forces were in control of the situation and, when the final pressing on the part of the U.S. Government came, the Sandinistas had the upper hand.

Mr. **Cheney**. This morning you said, in response to questions from counsel, that you had never supported the Sandinistas because you, quote, "knew what they were when they came to power."

Can you explain that statement?

Mr. **Calero**. Well, in other words, I never supported the Sandinistas; I never supported their takeover. At one point in Nicaragua I was fighting both the Sandinistas and Somoza. Nonetheless, when the Sandinistas took power, I did my best to shore up the revolution, to steer it in a democratic way. I came to this country, I lobbied for a $75 million loan which would open up the financial world for them, and I continued investing money in businesses in Nicaragua and continued to insist on their fulfilling the commitments they had made to the Organization of American States, to the world, and especially to the Nicaraguan people.

Mr. **Cheney**. But they apparently didn't fulfill those commitments?

Mr. **Calero**. They had their own agenda from way back.

Mr. **Cheney**. What was that agenda?

Mr. **Calero**. The agenda was the one dictated by the Soviet Union through their Soviet—through their Cuban proxies.

Mr. **Cheney**. Can you talk for a moment about the process by which what appeared to be a fairly broad-based coalition behind the revolution in 1979 came to be captured, if you will, by the commandantes now in control of the FSLN?

Mr. **Calero**. They had the weapons. We were just on the political side of the situation. They fooled the people, they told the people that they were not Communist and there were a lot of useful fools that helped the Sandinistas come to power, and then with the Sandinistas, in holding all the armed opposition, all the weapons, all the troops, then it was very, very easy to shove aside those democratic people that had helped them. And that is exactly what they did.

Mr. **Cheney**. So, in effect, they stole the revolution?

Mr. **Calero**. They stole the revolution from the Nicaraguan people, a beautiful opportunity to set Nicaragua off on a path to democracy.

Mr. **Cheney**. Is there any doubt in your mind that they are in fact Communists, Marxist-Leninists?

Mr. **Calero**. Well, they were from before, they are by their own admission, they say there can be no revolution without Marxist-Leninism, and they are intent on spreading this revolution through Central America.

As a matter of fact, I have said that the only force that has held the Sandinistas at bay inside Nicaragua, and not permitted the revolution without border which they announced, has been the Democratic Freedom Fighters, the Nicaraguan Resistance.

Mr. **Cheney**. Your forces, your men—are they paid?

Mr. **Calero**. No, sir. A very small percentage are given family support because they had to get their families out of the country. This war has been too long and every day more and more relatives of our fighting men are coming out creating more obligations to us.

In fact, there are now close to 500,000 Nicaraguans—refugees through Central America and in the United States. There's more Nicaraguans walking into the United States now and crossing the Rio Grande than Mexicans, maybe.

Mr. **Cheney**. So about one-sixth of the population of Nicaragua is affected?

Mr. **Calero**. Yes, sir, one-sixth of the population has left the country.

Mr. **Cheney**. We have spent a lot of time on this committee on the question of the Boland Amendment. It sort of goes to the heart of the debate we are engaged in.

Can you say a word about the impact that the Boland Amendment had on your operation?

Mr. **Calero**. Well, it was quite a blow that we would not only be cut off—support be cut off, but that there be a law that would close any and all possibilities of covert help by U.S. intelligence agencies.

Mr. **Cheney**. Do the Sandinistas receive outside support and assistance?

Mr. **Calero**. The Sandinistas have received, to our count, about $2.5 billion from the Soviet Union alone, plus what has come from the Eastern Bloc and from Western countries that simply don't know what they are doing, I would say, and over a hundred thousand tons of materials, of lethal materials have come to the Sandinistas from the Soviet Union, and we have received a token of that aid. And as far as tonnage is concerned, about 5 percent probably or maybe between 5 and 10 percent of the tonnage in weapons that the Sandinistas had received.

Mr. CHENEY. I asked the Defense Intelligence Agency for numbers. They indicated that from the Soviet Union and Cuba, and the Eastern Bloc, 1983 through 1986, over $3 billion—$3.14 billion in economic and military assistance, specifically, in that period of time. The Boland Amendment in effect denied you any further public support or official support from the U.S. Government. Did that have a significant impact on the morale of your troops?

Mr. CALERO. Yes, it was quite a blow, but our men swore to keep on fighting, and we did keep on fighting, and we did get this outside support and that kept us alive, that kept our effort going.

Mr. CHENEY. What would have happened to your operation if there had not been funds made available either through third countries or private sources? What if in fact the cut off envisioned by the Boland Amendment had been complete?

Mr. CALERO. There would have been tremendous bloodshed, our men would have been annihilated, the Sandinistas would have consolidated their power in Nicaragua, and they would by now have expanded into the rest of the Central American countries.

Mr. CHENEY. Would it be fair to say that the period of time the Boland Amendment was in effect, in effect gave the Sandinistas breathing space in Nicaragua?

Mr. CALERO. I would say that any policy that does not—aid on the part of the United States—that does not aid or that prevents aid to go to the Resistance is something that the Sandinistas take advantage of and something that they relish and they use as a propaganda tool in Nicaragua and in the rest of the world.

Mr. CHENEY. Why do you suppose the Soviets are so heavily involved? They have given literally billions of dollars to support the establishment of a Communist regime in Managua.

Mr. CALERO. A Pacific facility for the Soviets in Nicaragua would constitute the only port in the Pacific for the Soviets besides Cam Ranh Bay and Vladivostok in the Soviet Union. That's very important.

Also, it gives them air facilities in another country besides Cuba and they have built an airstrip in Nicaragua that can take in, the biggest Soviet fighters, I mean bombers, I mean and airplanes.

Mr. CHENEY. Are you aware of any private U.S. efforts or sources of private funding in the United States to the Sandinista Government or activities in Nicaragua supported and approved by the Sandinistas?

Mr. CALERO. Yes. There are a number of organizations here in the United States in combination with CSPES, which is——

Mr. CHENEY. The Committee on Solidarity with the People of El Salvador——

Mr. CALERO. With the Communist guerrillas in El Salvador, yes, that do aid Nicaragua, the Sandinista Government, that is. And there is over a thousand Americans in Nicaragua continually supporting the Sandinistas in many ways, and church organizations and other private organizations.

The old members of the Lincoln Brigade in Spain also have helped the Sandinistas.

Mr. CHENEY. So, in other words, there are a large number of American private citizens or organizations providing assistance to in effect one side of the civil war in Nicaragua?

Mr. **Calero**. Yes, leftist organizations in many respects, the Christic Institute, which I understand has very close ties with the Nicaraguan Embassy here in Washington and many others.

Mr. **Cheney**. Are you familiar with an organization called Quest for Peace?

Mr. **Calero**. No, I am not, sir.

Mr. **Cheney**. There is an article, I refer you to that appeared in the *Washington Post*, Sunday, April 19th, that talks about an effort to raise $100 million in the United States to provide, in effect, support for various causes associated with the existing government of Nicaragua. That is on the other side of the conflict that you are engaged in.

I think it is important the record show that private efforts to support the Contras are not the only private activity of American citizens in connection with events in Nicaragua.

Mr. **Calero**. Yes, and I think that there is more coming to the Sandinistas than is coming for us.

Mr. **Cheney**. You touched upon earlier your general view of Colonel North. Can you elaborate on that a little bit? You had a relationship with him for a long time, and he obviously was instrumental in terms of sort of being a plug-in point for you?

Mr. **Calero**. Yes, he was a sort of liaison that represented the U.S. Government I felt vis-a-vis our efforts. I have, and still have, high respect for Colonel North.

We had a very respectful relationship and I was—I felt very sorry when it was suddenly shot.

Mr. **Cheney**. Do you think he has been well treated in the commentary you have seen about all of this event?

Mr. **Calero**. Sir, that would involve me in making a judgment on a strictly internal situation in this country, but I have high respect—I should say that the other day at the time of a meeting of a lot of Nicaraguans there was a group saying that they were going to erect a monument for Colonel North once that Nicaragua was liberated.

Mr. **Cheney**. So in your opinion he is an honorable man who always dealt fairly and directly with you?

Mr. **Calero**. Yes, sir, definitely.

Mr. **Cheney**. Do you think he deserves to be punished for his activities?

Mr. **Calero**. Here, again, I would be making a judgment and I want to refrain and leave that to you.

Mr. **Cheney**. You also were asked earlier, and I'd like to focus again, on this effort, on the extent to which the CIA provided assistance to the FDN during that period of time the Boland Amendment was in effect. Obviously, we are aware that CIA was heavily involved prior to the enactment of the Boland legislation in 1984. I believe in the deposition when you were interviewed by committee staff earlier you talked about the subject that was mentioned by Senator Cohen. I believe that you referred to them during that period of time as "snoopers" rather than "helpers". Can you elaborate on that at all? Did they provide any guidance or assistance in terms of your military activities during the time the Boland Amendment was in effect?

Mr. CALERO. No, I would complain—I complained about that and said that we were receiving absolutely no assistance, no help, that there could be ways for them to make some indications to us that would be only logical and within the boundaries of their activity, but no, they were always after information from us.

Mr. CHENEY. They were allowed during that period of time—and I think this was an interpretation many of us on the committee certainly supported—they were allowed to collect information. We asked repeatedly for intelligence on what was transpiring in Nicaragua, what was happening in connection with the civil war.

Would it be fair to say that their activities during that period of time were consistent with intelligence gathering as opposed to support for a paramilitary operation?

Mr. CALERO. Definitely. But a time came later on—I could not precise when—when they got permission to exchange information which I thought that was fair and there came a time also when we did get some communications equipment from them in January of 1986 or so, February 1986 probably.

Mr. CHENEY. All right. Again, Mr. Calero, I want to thank you for your testimony.

Mr. Chairman, I have no further questions.

Chairman INOUYE. Thank you very much.

The chair recognizes Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. Calero, did Colonel North ever tell you that he talked with President Reagan about this matter?

Mr. CALERO. He always told me that the President was back of us, was plugging for us, and that was public, of course, I mean through President Reagan's Saturday radio talks and in his press conferences and in every opportunity he had, he did——

Mr. MITCHELL. I understand the President's position. My question is, did Colonel North ever tell you that he, Colonel North, had talked with President Reagan about this matter?

Mr. CALERO. About the support of the Nicaraguan——

Mr. MITCHELL. Yes.

Mr. CALERO. Well, yes. He made some passing references to the President going to make a speech in our favor or having made a speech in our favor, and to his dedication and to his own unswerving——

Mr. MITCHELL. Did he ever say anything other than what you have described as passing references about the President's support for this matter?

Mr. CALERO. To my recollection, yes. I never was privy to any specific or inside information of what the President knew and what the President didn't know.

Mr. MITCHELL. My question is, did Colonel North ever tell you that he, Colonel North, said anything to the President?

Mr. CALERO. No. I mean, he did not tell me I told the President so-and-so. No, not to my recollection.

Mr. MITCHELL. Did you ever meet or talk with William Casey, the Director of the CIA, about this matter?

Mr. CALERO. Oh, yes. Many a time. As a matter of fact, I developed an affection for Mr. Casey. I used to refer to him as Uncle Bill, and I went to his funeral. I expressed my sympathy to his wife and to his daughter, and I felt very touched for what happened to him.

Mr. Mitchell. Can you estimate for us on how many occasions you met with Mr. Casey over the past few years?

Mr. Calero. Well, maybe five or six times. I remember one time that he was in the Old Executive—that was the last time, probably, that I saw him—he was in the Old Executive Building, and I realized Colonel North was very much attached to him, and so was I, and I came to visit Colonel North, and Colonel North took me over to visit with Mr. Casey in the Old Executive Office Building.

Mr. Mitchell. Did all your meetings with Mr. Casey occur in his office in the Executive Office Building?

Mr. Calero. In his office in Virginia, two or three—one in the Old Executive Office Building, and then I saw him in various social political functions, and I did speak to him.

Mr. Mitchell. Apart from the social political functions, can you tell us approximately when, if you recall, when the meetings occurred, who else was present, and what was said?

Mr. Calero. I cannot give precise dates, but the last time I saw him was maybe in October of 1986, and then I had visited him previously, one time with Mr. Robelo in his office, and another time with Mr. Bermudez in his office, the time that I referred to in the Old Executive Office Building.

Mr. Mitchell. Do you remember when the meetings that you attended with Mr. Robelo and Mr. Bermudez occurred?

Mr. Calero. Maybe the one with Mr. Bermudez in 1983, and maybe the one with Mr. Robelo in 1984, sometime in 1984, or maybe 1985. And then, the other meetings were occasional.

Mr. Mitchell. Can you tell us what was said at those meetings?

Mr. Calero. We put him up to date on what was going on, and he listened very attentively to everything we said, and in return he showed not disgust, but he felt sorry for the fact that they couldn't do anything for us——

Mr. Mitchell. To your knowledge, was Mr. Casey aware of the assistance you were receiving from Colonel North and from Mr. Secord?

Mr. Calero. Yes. I told him about our acquisitions, of how we were acquiring more weapons, and he was hoping that this support would be forthcoming.

Mr. Mitchell. When Colonel North asked you for money, you have testified that you gave him $90,000 in traveler's checks.

Mr. Calero. All told, yes. In about four, five, six maybe different occasions.

Mr. Mitchell. You stated the only reason he gave you was to help free two hostages, and then you also, in addition, you said, I think your word was you imagined that he was helping provide funds to other Contra leaders.

Mr. Calero. Yes, that I should not provide direct—because of the sensitivity; they would think that they were dependent on us.

Mr. Mitchell. Did you have sole discretion over the funds, did you have to consult with anybody or get anybody's approval to get Colonel North that money?

Mr. Calero. No, sir. I had the discretion over the funds, and I did not consult with anyone nor told anyone else about it.

Mr. MITCHELL. And those funds were received by you from foreign governments as a result of conversations between American officials and those foreign governments?

Mr. CALERO. Well, I presume that there was—I never knew, I couldn't say, I couldn't swear it was from friendly governments or from foreign people connected with foreign governments or foreign individuals that have no connection.

Mr. MITCHELL. Just one more question.

Did it strike you as strange that a U.S. Government official would be asking you to provide money to help free American hostages in Lebanon?

Mr. CALERO. Well, it was—I did not—see, the fact that it was for such a worthy cause, a cause that I considered my own, that is all I thought about. And I thought it a great opportunity for Nicaraguans to repay, to compensate, to do something for Americans who were in a position that their own government could not do anything for them on account of laws that I don't know, but——

Mr. MITCHELL. But you had no way of knowing whether the money actually was used for that purpose, did you?

Mr. CALERO. I had no way, I didn't check, and I trusted that whatever Colonel North would use it for was for a worthy cause.

Mr. MITCHELL. Thank you very much. I believe my time is up. Thank you, Mr. Calero.

Chairman HAMILTON. Mr. Stokes?

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Calero, how long have you been back in the country this time?

Mr. CALERO. This time, about 2 weeks, I believe, sir.

Mr. STOKES. And prior to your appearance here today, have you had any discussions with any intelligence community officials or any State Department officials?

Mr. CALERO. No, not—I just informed them that I was to appear here. They knew about it. But I have not discussed what I am going to say or what I had to say. No one told me what to say.

Mr. STOKES. Can you tell us who you notified you were going to appear here?

Mr. CALERO. Well, I did not notify, but I told—I told a Central Intelligence officer that I was here, and that I would like to see them after the—I did that today—after the hearing.

Mr. STOKES. I am trying to ascertain whom it was you talked with.

Mr. CALERO. Well, I understand that I am not to reveal names of persons connected with the U.S. intelligence agencies.

Mr. STOKES. Someone told you that, in your testimony here you are not to mention the names of any——

Mr. CALERO. No, somebody, it is just an understanding that I have had, and in the counsel, I was told to refrain from naming a specific name, and I had read somewhere that it is not convenient to do that, that there is a law inclusive to protect these people who are doing delicate work for this country.

Chairman INOUYE. If I may interrupt at this juncture, the witness has been instructed to refrain from specifically naming agents of the Central Intelligence Agency. But, if you wish, he may put that name on a piece of paper and hand it to you, sir. Do you wish to have that?

Mr. **Stokes**. I would appreciate having it for the record, Mr. Chairman.

Chairman **Inouye**. Will you put that agent's name on a piece of paper?

Mr. **Calero**. The name that he goes by or——

Chairman **Inouye**. Both names. All names.

Mr. **Stokes**. Whatever names he is known by. We would appreciate that.

Mr. Chairman, perhaps so this doesn't come out of my 5 minutes, we can perhaps have him do that later.

Chairman **Inouye**. Please proceed.

Mr. **Stokes**. Mr. Calero, you can provide that for us anytime later this afternoon.

Mr. **Calero**. All right, sir, I will do that.

Mr. **Stokes**. In your response this morning to Congressman Brooks, you stated that no Americans laid mines in Nicaragua. You referred to these persons saying you thought it was Nicaraguans, that they were operatives.

No matter what nationality they were, you knew that they were working for the CIA, did you not?

Mr. **Calero**. Well, I have no way of checking on it. I never checked on it, and they could have been working for the—yes, they could have been working for the agency, and that was in January 1984.

Mr. **Stokes**. You had no doubt that the CIA paid for those mines, do you?

Mr. **Calero**. No, as I had no doubt that they were paying for the weapons we were getting and all the other things we were getting.

Mr. **Stokes**. And that they paid for the vessels that laid the mines?

Mr. **Calero**. I figured that that was the case. We were receiving U.S. aid at the time.

Mr. **Stokes**. You don't think Colonel Bermudez had any doubt about who took him on that cruise down the coast of Nicaragua, do you?

Mr. **Calero**. Probably not. Probably not.

Mr. **Stokes**. This morning in your testimony, you talked about having no idea where the $32 million in donations from one source came from. This money was virtually the lifeblood of your effort for more than a year.

Mr. **Calero**. Yes, sir.

Mr. **Stokes**. But you asked no one where it came from?

Mr. **Calero**. No, sir, it did not interest me. I had an inkling that it came from a Middle Eastern source, and I understood this to be a covert thing, and in many—many times, I don't want to be privy to information that I do not need, and it is not necessary for me to ask about.

Mr. **Stokes**. General Secord had said to you, had he not, that he would make efforts to get $15 to $25 million from an Arab sheik or prince, didn't he say that to you?

Mr. **Calero**. From a Middle Eastern country. He was going to talk to a prince, a sheik, a friend of his.

Mr. STOKES. Did you ever ask him where the money come from?

Mr. CALERO. No, no, no, I never did.

Mr. STOKES. Did you ever ask Mr. North?

Mr. CALERO. No, I don't remember ever asking him.

Mr. STOKES. Notwithstanding the fact that you really needed money badly, and that this was the lifeblood of your operation, you inquired of no one as to where this money came from?

Mr. CALERO. No, sir, what mattered was the fact that we had the money and not who had given it to us.

Mr. STOKES. Thank you.

Thank you, Mr. Chairman.

Chairman INOUYE. Thank you very much.

Senator McClure?

Mr. MCCLURE. Thank you very much, Mr. Chairman.

Thank you, Mr. Calero, for your testimony today, and for your willingness to share with us your own knowledge of this affair. I understand that it is a sensitive matter and that you are trying to protect your own movement, our own personnel, and those with whom you have had contact, and I understand that some questions you had to answer have been very difficult for you to answer.

Mr. Calero, you testified this morning that the CIA required very simple accounting records for the money that they expended. How would you compare the accounting that they required with the accounting you do yourself internally?

Mr. CALERO. Pretty similar, I would say. Pretty similar.

Mr. MCCLURE. And you believe your own records are sufficient for you to be able to account for every penny that has been collected and spent?

Mr. CALERO. Yes, sir.

Mr. MCCLURE. And so you believe that what you were required to do by the CIA would do the same with respect to those moneys?

Mr. CALERO. I would say so, yes.

Mr. MCCLURE. Mr. Calero, we have received testimony before this committee that Colonel North kept a ledger about the expenditure of moneys that were proceeds from the traveler's checks. Do you know of such a ledger?

Mr. CALERO. No, I do not know of such a ledger. No, sir, but I imagine that he kept one.

Mr. MCCLURE. You didn't question him about his accounting or his expenditures for those funds?

Mr. CALERO. No, sir. I had full confidence in that whatever he did was for the cause.

Mr. MCCLURE. You had full confidence that he would not misuse the money and it was money that you had absolute authority over?

Mr. CALERO. Yes, sir.

Mr. MCCLURE. Let me shift for a moment and ask about conditions that exist in your country today. Is there freedom of the expression of religious preferences in Nicaragua today?

Mr. CALERO. Well, not only is there no freedom of religion in Nicaragua, but there is persecution of religious people in Nicaragua, and people who attend churches. About 20 Catholic priests have been thrown out. As many Protestant and ministers from other denominations have been thrown out of the country. And the church authorities, the hierarchical church authorities are under constant harassment.

A good friend of mine, who was the head of the Jehovah's Witnesses in Nicaragua was thrown out. Mormons have been accused of being CIA agents. There is definite hostility in keeping with the Communist thinking that religion is the opiate of the people.

Mr. McClure. How about the Catholic Church press? Is it free and operating today?

Mr. Calero. There is no Catholic newspapers or leaflets out today. Their press was confiscated. The Catholic radio station was shut down. The Jewish temple was desecrated.

Mr. McClure. Has the bishop of Managua written letters, open letters to the public or to people in this country with respect to the oppression of religious activities in Managua?

Mr. Calero. Yes, sir. There was even a letter that he wrote sometime ago published in the—translated into English and published in the *Washington Post*, and occasional homilies are published outside of the country.

Mr. McClure. One of the great newspapers of Latin American, and perhaps of the Free World, existed in your country—*La Prensa*.

Mr. Calero. *La Prensa*.

Mr. McClure. Is *La Prensa* today a free and open newspaper?

Mr. Calero. *La Prensa* is not a newspaper any more. *La Prensa* has been shut down and in the last effort they made to put out a leaflet, or a flier, at the time of the parliamentary meeting in Nicaragua, the secret police came to *La Prensa* and confiscated every piece of paper they had and they were threatened not to put out any more information in any regard.

Mr. McClure. How about the observance of human rights on an individual basis?

Mr. Calero. The Sandinistas are systematic breakers of human rights. There is no habeas corpus in Nicaragua. People are not brought over to tribunals they are kept in jail the time the Sandinistas want, the secret jails. Their secret jails are spread throughout the country. There is torture going on. While I was still living in Nicaragua I was personally told of experiences of one of my drivers, driver-salesman of the Coca-Cola. I remember he was put into a freezer and when he was about to die, and started to—I don't know what you call—the last reaction that people have when they are about to die—somebody heard him and took him out and that is how he came out alive.

Mr. McClure. Mr. Calero, it is no surprise to me that people within your country would fight to try to gain individual freedoms as we know them in this country. What really surprises me is the people in this country who are blind to the oppression in your country and somehow find you the wrongdoer in a struggle for freedom.

Mr. Calero. Well, I think if they apply that principle, do unto others as you want done unto you, it would set a lot of people straight. But unfornately there is a lot of people in this country and in many, many other countries, who are ready to give Nicaraguans what they would never have for themselves.

Mr. McClure. Mr. Calero, my time is up. Thank you very much for your response to the questions.

Thank you, Mr. Chairman.

Chairman Inouye. Senator Hatch.

Mr. Hatch. Mr. Calero, welcome to the committee. I am very happy to chat with you again.

I want to confirm what you told the committee this morning. I personally communicated with you in February of this year, and I know that you made all of your accounting records available to the committee at that time.

The fact that the committee has chosen not to look at your records should not detract from your complete cooperation with this committee, so I appreciate what you have done.

Now, you testified that you met with the President on three or four occasions beginning in April 1985. In your meeting with the President, was there any mention that the President knew anything of Colonel North's activities?

Mr. Calero. No, sir.

Mr. Hatch. Were these meetings general courtesy visits, handshaking kinds of events with no real detailed discussion taking place, or were they detailed discussion meetings?

Mr. Calero. I would say they were protocol. They were very symbolic.

The President of the United States wanted to show his full backing of our effort, and I believe that was achieved, and at the time of a vote, an unfavorable vote to us, the President had us called in at the last minute and there was a reiteration of his position. And I remember at one time when he said that he will never abandon us, I yelled "viva Reagan."

Mr. Hatch. So I take it you are not in a position to tell us what the President knew or didn't know about the details of what other people may have been doing to support your cause, is that correct?

Mr. Calero. No, sir. I am in no position to say that.

Mr. Hatch. You indicated in your testimony that you had basically nothing to do with the south, the battles in the south, is that right?

Mr. Calero. It is very, very, very, very little. Very little.

Mr. Hatch. So then it was not necessarily uncommon for Colonel North to fill you in on all of the details concerning the Southern Front airlift operation that began in 1986, is that correct?

Mr. Calero. Yes, he told me somewhat about it, but since my connection with the south was very scant, I would say, it was not necessary for him to fill me in on details on that.

Mr. Hatch. Now, there has been mention made here of your giving traveler's checks to Colonel North on several occasions. I take it from your answers given to Senator Cohen this morning that you voluntarily gave those checks to Colonel North?

Mr. Calero. Yes, I did.

Mr. Hatch. Did you have any thought at all that Colonel North might misuse those checks in any manner such as converting them to his own private use?

Mr. Calero. No. To this day I do not have.

Mr. **Hatch**. Do you feel that Colonel North would have used any of that money for his personal use from your experience with Colonel North?

Mr. **Calero**. No.

Mr. **Hatch**. Now, Mr. Calero, you and the rest of the Nicaraguan Resistance have in my view been caught in the middle of this public inquiry of ours. In my opinion you have become the quintessential victims, and I think this is a very unfortunate result of all this.

You are fighting a war. I suspect the last thing you need is a spotlight on your activities while we perform this public self-examination.

Just to make sure that the record is straight, Mr. Calero, did you or any representative of yours ever ask for money from the sales of arms to Iran?

Mr. **Calero**. No, sir.

Mr. **Hatch**. OK. Did you ever ask or even recommend that the U.S. Government approach any foreign government for funding?

Mr. **Calero**. No, sir. But after it became public about the Brunei donation, which I still hope we will get because we are very heavily in debt right now—we owe $1,900,000—I knew that the U.S. office of—government officers were authorized to solicit funds to help us.

Mr. **Hatch**. All right. You were happy to receive funds from any source, weren't you?

Mr. **Calero**. Yes, sir.

Mr. **Hatch**. You were fighting a battle and you wanted to do what you could do.

Mr. **Calero**. Yes, sir.

Mr. **Hatch**. But you didn't pressure—did you pressure any U.S. Government officials to break any laws or to do anything improper in order to get funds to you?

Mr. **Calero**. No, sir. I would never do that.

Mr. **Hatch**. OK. In fact, I suspect that this controversy has been quite an unwelcome intrusion into your affairs, isn't that right?

Mr. **Calero**. Totally, sir, and it has taken a lot of time, a lot of effort, and put us in a situation where very uncomfortable, and that we wish we were not.

Mr. **Hatch**. Now, your efforts to restore democratic government to your country are ongoing, is that correct?

Mr. **Calero**. Definitely, and we will keep them going.

Mr. **Hatch**. Now, despite all of the aggravation, are you still desperately in need of American support in order to continue your efforts?

Mr. **Calero**. Yes, sir, we need American support. We want American support. You are our allies. And whenever I think of that, I think of Churchill, when he said that democracy was not the best form of government, but show me a better one. That is the way I feel.

Mr. **Hatch**. That's right.

Just one final question. Mr. Calero, what, in your judgment as a leader of the Freedom Fighters down there, as a leader of the resistance forces, will happen if the Soviets are allowed to continue to dominate the Government of Nicaragua the way they have in the past?

Mr. **Calero.** Well, that government will consolidate, as Communist governments do. They will live to expand in order to keep alive, and Central America will become a Soviet-dominated area, and from there they will naturally expand into other areas, like the Duchy of Muscovy has extended every 30 years by territories the size of Alaska since 1600.

Mr. **Hatch.** I want to thank you for the cooperation you have given to my staff members, to this whole committee, and for the efforts that you are making. I believe in what you are doing, and I just want to commend you for your efforts and your candor in working with us.

Mr. **Calero.** Thank you, sir.

Mr. **Hatch.** Thank you, Mr. Chairman.

Chairman **Inouye.** Senator Sarbanes.

Mr. **Sarbanes.** Thank you, Mr. Chairman.

Mr. Calero, you spoke earlier of your meetings with the President. I take it—was Colonel North present at all of those meetings?

Mr. **Calero.** Yes, if I remember correctly, except the time that I was with the President on two occasions in the social political functions.

Mr. **Sarbanes.** Did those meetings with the President take place in the Oval Office?

Mr. **Calero.** One of them in the Oval Office, another one in the Roosevelt Room, another one in Mr. McFarlane's office.

Mr. **Sarbanes.** I take it throughout you felt that Colonel North was acting pursuant to the intentions of the President; is that correct?

Mr. **Calero.** Yes.

Mr. **Sarbanes.** Now, when you met—you also said you met with the Vice President. In response to Senator Mitchell, you indicated you had met a number of times with the Director of the Central Intelligence Agency, Mr. Casey, or, as you referred to him, Uncle Bill.

Mr. **Calero.** Yes, sir.

Mr. **Sarbanes.** And earlier I think you testified to many, many meetings with Colonel North?

Mr. **Calero.** Yes, sir.

Mr. **Sarbanes.** Who else in the Government, in the U.S. Government, were you meeting with?

Mr. **Calero.** Well, the officers of the Central Intelligence that were detached in Central America, and I visited with many Congressmen and congressional committees—Senate, of course, committees. And, well, the U.S. Ambassador down in Central America, or U.S. Ambassadors down in Central America, whenever I visited any of the countries—and staffers in Congress, and—I have gotten to know a lot of people.

Mr. **Sarbanes.** What about officials in the State Department and in the Department of Defense?

Mr. **Calero.** Oh, yes, State Department, yes.

Mr. **Sarbanes.** Who did you meet there?

Mr. **Calero.** Well, there have been changes. There was Mr. Enders, and with Mr.—I don't remember the name of the one who came after Mr. Enders, but Mr.—Motley, Mr. Abrams, Mr. Shultz, and Deputy Assistants to Mr. Abrams, and Mr. Shultz.

Mr. **Sarbanes**. Did you have a great number of meetings with these officials—Mr. Abrams, for example?

Mr. **Calero**. Not a great number of meetings, no.

Mr. **Sarbanes**. How many meetings would you say you had with Mr. Abrams?

Mr. **Calero**. With Mr. Abrams, maybe a half a dozen or so.

Mr. **Sarbanes**. Were you the representative of your forces for the purpose of meeting with U.S. Government officials or were other leaders doing so, as well?

Mr. **Calero**. Well, we had—the Nicaraguan Unified Opposition was composed of various organizations, and I did meet with some and my associates met with others. Sometimes we all three met with the same person.

Mr. **Sarbanes**. But were you satisfied that there weren't meetings going on behind your back?

Mr. **Calero**. Well, I believe that in freedom, you know, I believe that meetings can go on in front of me, behind my back or on my side, for that matter.

Mr. **Sarbanes**. All right.

Did you perceive General Secord to be a part of Colonel North's operations?

Mr. **Calero**. I perceived General Secord to be close to Colonel North, yes.

Mr. **Sarbanes**. And that they were working together as a team?

Mr. **Calero**. Well, that would be venturing more than I know. But I perceived there was closeness between the two, yes.

Mr. **Sarbanes**. I want to ask you about the memorandum that you sent to Ambassador Duemling. I think it is exhibit 5 that you have there. I know this has been touched on but I want to be very clear. How did this letter come to be written and signed by you and your two colleagues?

Mr. **Calero**. Well, at the request of the interested party—which in this case was Mr. Robert Owen who was—who wanted to continue to work in this endeavor but who needed something to live from and we thought that with his knowledge of both the southern operation, the northern operation, the eastern operation, the Indians, for his dedication and with his knowledge of Capitol Hill—he had been a staffer—and his knowledge of a lot of other people, that he would make a good liaison that could help us expedite matters and explain matters to the people in the Nicaraguan Humanitarian Assistance Office.

Mr. **Sarbanes**. Was it your idea or was it Owen's idea that he should be placed there?

Mr. **Calero**. If I remember correctly, it was at his request and I thought it was—but since I signed the letter, I agreed that he could help.

Mr. **Sarbanes**. Did you understand that Colonel North thought it was a good idea, too, that Owen be placed in that office?

Mr. **Calero**. Well, I would say that—I did not get a request as such from Colonel North that I would remember, but I imagine that it would please Colonel North since I knew of an association between Colonel North and Mr. Owen.

Mr. **Sarbanes**. So when Owen requested it, you assumed that North wanted it as well, is that correct?

Mr. **Calero**. Well, I would say that it was enough for me to write it, but—I didn't write the letter, he wrote it, but it was enough for me to know that Owen was interested in this for me to help him obtain that position.

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Chairman **Inouye**. Thank you very much.

Senator Rudman.

Mr. **Rudman**. Thank you, Mr. Chairman.

Mr. Calero, I also want to thank you for your cooperation with the committee. You have been very forthcoming, you have given us access to records that have made our investigation easier, enabling us to bring this to the attention of the American people in full detail and we thank you for that.

Mr. Calero, you had a difficult time over the last few years keeping enough money in your coffers to keep your fight going on; is that correct?

Mr. **Calero**. Yes, sir.

Mr. **Rudman**. As a matter of fact, it has been a never-ending battle with on-again-off-again U.S. funding, foreign funding, funding from private friends in this country and around the world. It has been a tough battle to keep your account from being below zero; is that not correct?

Mr. **Calero**. Yes, sir.

Mr. **Rudman**. And as a matter of fact, you shopped rather carefully for everything you bought?

Mr. **Calero**. I did my best, yes, sir.

Mr. **Rudman**. As a matter of fact, you bought a lot of weapons from Energy Resources, is that correct, as that shows on the chart?

Mr. **Calero**. Yes, sir.

Mr. **Rudman**. Sometime after that you bought some weapons from—through General Singlaub and you bought them at what you considered a much better price?

Mr. **Calero**. Yes, sir.

Mr. **Rudman**. Is it not true, and it may have been totally coincidental, but looking at those records, that at the time that you bought those weapons from General Singlaub and no longer from Energy Resources, at that point you received no more direct transfer of funds from Lake Resources into your account. Is that not true?

Mr. **Calero**. Well not from Lake Resources, because I had not received—but from other accounts, yes. That is true. It was coincidental or whatever, but I did not receive anymore, yes.

Mr. **Rudman**. But based on testimony, that I am sure you are familiar with, of the amount of money that flowed from the Iranian arms sale, it must kind of break your heart to think of all that money tied up in a Swiss bank account that theoretically somebody had schemed up was for you. Isn't that true?

Mr. **Calero**. Well, I wish—I still have hope that it might be coming.

Mr. **Rudman**. Well, there are a lot of people claiming that $8 million, Mr. Calero. You better put your claim right in line. Mr. Calero, as a matter of fact, based on our examination of your records, you handled this money in a very professional way. It was almost like a trust, wasn't it, the way you looked at it, your bank account?

Mr. CALERO. Yes, for me it was sort of sacred, and I have said publicly that I challenge anyone to do what we did over that period of time with that amount of money.

Mr. RUDMAN. As a matter of fact, charges made against you and your brother and others, that you used this money for your personal use are false?

Mr. CALERO. Definitely, sir.

Mr. RUDMAN. And no one could prove that you used the money for yourself? Is that not true?

Mr. CALERO. Definitely, sir.

Mr. RUDMAN. As a matter of fact, you did not intend any of this money to be used for anybody's personal use, including yours? Is that not correct?

Mr. CALERO. Yes, sir.

Mr. RUDMAN. You gave Colonel North $90,000 in traveler's checks?

Mr. CALERO. Yes, sir.

Mr. RUDMAN. They were blank at both ends, which is rather unusual, which made them fully negotiable, is that correct?

Mr. CALERO. The bank did us that favor.

Mr. RUDMAN. You have got a very friendly bank, Mr. Calero. At any rate, some of those checks were used for DEA agents, which we have advised you about, and some were used for other purposes, such as helping other Contra leaders.

We don't know what a lot of it was used for. As a matter of fact, those charts don't really prove anything other than those checks appear to be cashed at retail establishments by a signatory that says Oliver North.

We don't know whether that is Oliver North's signature, although we believe it is.

Mr. CALERO. Yes, sir.

Mr. RUDMAN. But certainly, there was never any intention on your part that any of your hardearned funds would be used for anybody's personal use, other than for the cause, is that not correct?

Mr. CALERO. Yes, sir.

Mr. RUDMAN. And looking at the last item of the first column on the righthand sheet, the National Tire Wholesalers, for two snow tires purchased with that, when was the last time it snowed in Nicaragua?

Mr. CALERO. Well, sir, it does not snow in Nicaragua.

Mr. RUDMAN. I didn't think so.

Mr. CALERO. However, I am sure there is an explanation for that.

Mr. RUDMAN. I hope there is, Mr. Calero, because this committee draws no inferences to guilt or innocence, all we know is that we went to a lot of trouble to trace $90,000 worth of checks, and we were as surprised as you are to see those.

Colonel North of course we hope will get here, probably under immunity, and he can explain himself. And I hope he can because this is not a trial. We are not trying to assess guilt or innocence. We are trying to find out what happened. You would agree that you never intended any of your hard-worked-for money to be used for anyone's personal use, including your own?

Mr. Calero. No, sir.

Mr. Rudman. I thank you very much, and I thank you again for your help with the committee. You've been a great help. And also you've been an articulate spokesman for what you believe in, and I think it is important the American people had a chance to hear what you have to say.

Chairman Inouye. Senator Boren?

Mr. Boren. Thank you very much Mr. Chairman, Mr. Calero as I understand it, long before the fall of the Somoza regime, you were already expressing your belief in certain democratic principles, and I believe I am correct that you suffered imprisonment and other harassment during that regime, is that correct?

Mr. Calero. Yes, sir.

Mr. Boren. Then, after the revolution, you attempted to stay and be a constructive part of the new Sandinista regime, and I believe, in fact, leaders of that regime in the beginning commended you as the kind of business leader that was staying on and making investments.

Mr. Calero. They used me as an example, yes.

Mr. Boren. Then what happened to you after you left—I believe you came to the United States for a brief visit in 1982. What happened, while you were on that visit, to members of your family?

Mr. Calero. I was already thinking as to where my resourcefulness could be of better use for democracy in Nicaragua either outside, or in Nicaragua, and while I was debating to come back, the Sandinistas looted my house, threw some relatives that were staying in it, threw them out of the house, and that decided me never to come back until we could live in a democracy.

Mr. Boren. You were operating in good faith, and they confiscated your home, in essence, while you were gone?

Mr. Calero. Yes, sir.

Mr. Boren. I think many members of the American public don't realize that this regime, which has portrayed itself as a friend of the average man and woman, has seized homes, large homes in the capital city, and now occupy them all themselves as a privileged group now ruling the country, is that correct?

Mr. Calero. Yes. Mine was a modest home.

Mr. Boren. Let me ask, this morning, you testified that you were unaware that Mr. Secord was charging commissions until he testified before this committee that commissions of somewhere in the range he said in his testimony to us of between 20- and 30-percent markups were being added on to the items that were being sold to you.

I understood you, this morning, to say that you had had no knowledge of that until the time of that testimony?

Mr. Calero. Yes, sir.

Mr. Boren. Did that surprise you?

Mr. Calero. Well, I think I said it was revealing. It was a revelation.

Mr. Boren. How had—in conversations previously, had General Secord led you to believe that this was an operation to be of help, solely of help, to the movement as opposed to the profit-making proposition?

Mr. CALERO. Yes, I understood it to be that way, yes.

Mr. BOREN. What caused you to understand that? What kind of expression did he use to you in that regard?

Mr. CALERO. That in the first shipment, the first airlift, the detail that I had included a hotel bill and air fares and other things, and that—well, I mean usually, one who has a profit does not make such details, you know.

Mr. BOREN. In other words, all the personal costs were being charged.

Mr. CALERO. Yes.

Mr. BOREN. And you felt because of that, they weren't trying to add a markup to pay themselves a salary or expenses on top of that?

Mr. CALERO. I believe I was told that he was not making a profit.

Mr. BOREN. Senator Rudman mentioned that it might be pure coincidence that when you decided to start buying weapons through General Singlaub instead of through the Secord enterprise, through that particular arms transfer enterprise, that your authority to have cash directly sent to you to make those purchases in the future was taken away, that the cash flow was transferred to other persons, and you, after that, were simply receiving supplies. Do you have any theories yourself or have you come to any thoughts in your own mind, or do you harbor any suspicions as to why that change in policy was made or did anyone indeed ever give a good reason?

Mr. CALERO. I was never given a good reason and I understand there was no money coming into the project to me or to anyone else all during 1985, except for the $1,045,000 that we got from Intel Co-Operation and $200,000 from the Lake Resources, until the other thing developed, you know. Later in February, I understand it has been said, of 1986.

Mr. BOREN. Thank you very much, Mr. Calero.

Thank you, Mr. Chairman.

Chairman INOUYE. Thank you very much.

We have been referring to this chart in back of us, Mr. Calero. Is that chart correct?

Mr. CALERO. Yes. It is within the reality of the situation. Of course, that has been taken out strictly from the bank records that I submitted.

Chairman INOUYE. According to that chart, you had under your control $33,841,000 and much of it came from sources that were either solicited by high ranking American officials or voluntarily provided by U.S. citizens. Isn't that correct?

Mr. CALERO. Yes, sir.

Chairman INOUYE. What does this $417,000 represent?

Mr. CALERO. That $417,000 I did explain yesterday, that in part represented moneys that were transferred to a account of ours, and we turned over from UNO, the Unified Nicaraguan Organization, and that were turned over to our radio station, which was being run by UNO and for other endeavors that were not necessary FDN, because FDN did not participate in that money from UNO on account of its military connotation.

But I have not seen the details of the $417,000 and so I would not be able to comment fully on it, unless I saw the details made known by the accountants.

Chairman INOUYE. How many Nicaraguans have fled the country?

Mr. CALERO. I understand it is in the vicinity of 500,000 Nicaraguans out of a population of 3 million, so really it is a lot higher than the six percent mentioned. It is closer to 15 percent of the population.

Chairman INOUYE. Would I be correct in assuming that most, if not all of the very wealthy millionaire families of Nicaragua have fled Nicaragua?

Mr. CALERO. No sir, it really ironically is the other way around. The biggest and wealthiest of families are still in Nicaragua and the vast majority of the people who have left Nicaragua are professionals and land—small- medium- and middle-sized landowners, skilled workers, and plain ordinary people, farming people, peasants, that you would never imagine would have reason for leaving, but have had reason for leaving.

Chairman INOUYE. Have you been successful in raising funds from Nicaraguans who have fled the country?

Mr. CALERO. No, sir. It seems that the immense majority of Nicaraguans who have left have difficult situations, even though some of them were at one time wealthy themselves, but we have received contributions for different types of things. We have to take care of refugees actually in some of the countries and most of the Nicaraguan efforts have been directed toward relieving the necessities of refugees.

Chairman INOUYE. You have been in this country on many occasions. I believe you have testified that you have met with Colonel North over 50 times, and with the President three or four times, and with high officials of the State Department, et cetera. On each occasion did you arrive here at the invitation of the U.S. officials?

Mr. CALERO. No, sir. As a matter of fact, I came here on my own the immense majority of times.

Chairman INOUYE. You mean you can come here and knock on the door and see the President if you wanted to?

Mr. CALERO. No, I have never done that. I was told that the President was ready to see us, so I came especially for that occasion.

Chairman INOUYE. Whenever you saw Colonel North was it at his invitation?

Mr. CALERO. No, I would call him and tell him that I was here, or coming here, and we would set up an appointment.

Chairman INOUYE. The $90,000 worth of traveler's checks which you said you voluntarily gave, because this was an opportunity for Nicaraguans to support the United States, isn't that correct?

Mr. CALERO. Yes, sir.

Chairman INOUYE. But you didn't raise any money from Nicaraguans, this was money that was raised by Americans, given back to Americans?

Mr. CALERO. No, sir. That money was coming from foreign sources at the time.

Chairman INOUYE. Which were solicited by Americans?

Mr. **Calero**. Could have been, yes.

Chairman **Inouye**. Now, didn't Mr. North request the $90,000?

Mr. **Calero**. Well, the way he explained to me the necessity I considered an invitation for me to make a decision, and my decision was to give this money for a cause which I considered to be one and the same with our cause.

I felt deeply for what was happening to these poor people that had been kidnapped.

Chairman **Inouye**. According to the testimony we have received to date, about 99 percent of the funds you have received, about all of the equipment you have received, supplies, et cetera, have come through the United States. Would that be correct?

Mr. **Calero**. The equipment that we have received have come through the United States?

Chairman **Inouye**. Or paid for by funds raised by American officials.

Mr. **Calero**. Or solicited or whatever?

Chairman **Inouye**. That's right.

Mr. **Calero**. Well, I have not made such a—I haven't figured it out that way, the way you have.

Chairman **Inouye**. Would you say no to Colonel North?

Mr. **Calero**. Would I say no to Colonel North?

Chairman **Inouye**. No. If Colonel North requested you to do something, would you say no?

Mr. **Calero**. If he requested something that I was not in agreement with, yes, as I would tell anyone.

Chairman **Inouye**. If Colonel North told you not to buy from General Secord, would you buy from General Secord?

Mr. **Calero**. He would have to have a good reason to tell me not to buy from General Secord or whoever. I would listen to him and consider his opinion, yes, as I would anybody within my organization.

Chairman **Inouye**. Have you ever said no to Colonel North or Mr. Casey?

Mr. **Calero**. Well, I don't remember that they ever proposed to me anything with which I would be in disagreement or which I considered offensive or immoral.

Chairman **Inouye**. Would I be correct in saying that your effort in Nicaragua was guided and directed by high officials of the Government of the United States?

Mr. **Calero**. You would not be correct in saying that.

Chairman **Inouye**. High officials did not participate in training or in operational strategy?

Mr. **Calero**. No. That has been—as of recent times, they have been more involved, but I would say that we do need the help from this country. We have never hidden that fact. We have said it openly.

However, we Nicaraguans are the ones running our struggle. We want to continue to run it and we want to be independent or at least interdependent.

Chairman **Inouye**. A question was asked, did you request funds raised in the sale of arms to Iran, and you said no.

Mr. **Calero**. No.

Chairman **Inouye**. That is absolutely no.

Mr. CALERO. Absolutely no, yes. I didn't know about the sales——

Chairman INOUYE. Were you aware sales were being made?

Mr. CALERO. No, sir, I wasn't. It was a surprise to me when I saw it on television.

Chairman INOUYE. Therefore, naturally, you didn't make this request.

Mr. CALERO. I couldn't have if I didn't know that it was forthcoming.

Chairman INOUYE. Were you aware of where all the funds came from——

Mr. CALERO. Where all the funds came from—aside from suspicion that it was from the Middle—I means aside from knowing that it was from the Middle East and then from public accounts I saw that didn't define a certain country with them, I did not know.

Chairman INOUYE. You have responded that you just assumed that Colonel North was acting under the direction of the President of the United States, is that correct?

Mr. CALERO. Well, it all appears—I imagine that people that work in the White House are under the general guidance of the President of the United States.

Chairman INOUYE. Would you say the same for Admiral Poindexter?

Mr. CALERO. I have met Admiral Poindexter and I have exchanged very few words with him, but I would imagine that is the way things are done in this country.

Chairman INOUYE. Would you say the same for Assistant Secretary Abrams?

Mr. CALERO. I would imagine he answers to the Secretary of State, and then the Secretary of State consulted the President, yes.

Chairman INOUYE. The answer would be the same for any American ambassador?

Mr. CALERO. I imagine.

Chairman INOUYE. Did you at any time doubt that Colonel North's direction to you did not meet the approval of the Government of the United States?

Mr. CALERO. No. I would say that he was—I didn't see any reason why I would believe that he was acting outside of the law, although he mentioned maybe in—that he was out on a limb, maybe to emphasize his dedication and his effort and his hard work—and his dedication, as I said, to our cause.

Chairman. INOUYE. I realize I have exceeded my 5 minutes, but we are still waiting for the House. If you have further questions, I would be very happy to yield.

As you know, the House is now in a process of having five votes in a row.

Mr. MITCHELL. Did you say that Colonel North said to you that he was out on a limb?

Mr. CALERO. He would go out on a limb. He made some kind of expression like that, out on the edge, out on a limb. I cannot quote it exactly.

Mr. MITCHELL. What did you take him to mean by that? What did you understand him to mean by that?

Mr. CALERO. That he was so dedicated, in his enthusiasm he had to be very careful or something like that, emphasizing his hard work, which I know was for a fact. I called him in his office at times and he was very, very late all the time working.

Mr. **Cohen**. Just a couple of questions. Mr. Calero, did you meet with David Walker, British——

Mr. **Calero**. I remember meeting a British man. I have read accounts and heard of accounts, so it could have been the same fellow that I met, yes.

Mr. **Cohen**. What sort of discussions did you have with him?

Mr. **Calero**. It was about intelligence of a trip that one of his associates had taken to Nicaragua and the fact that it was very difficult to—the access to those helicopters on the ground was difficult for him. It didn't go beyond that.

Mr. **Cohen**. Did you discuss with him the possibility of hiring him or employing his services to destroy those Hind helicopters while they were on the ground?

Mr. **Calero**. Well, that was the idea of his taking a trip there to see what the possibilities were in making such an effort.

Mr. **Cohen**. You weren't able to reach any accommodation or agreement?

Mr. **Calero**. We didn't discuss the situation any further because it was something considered to be extremely difficult.

Mr. **Cohen**. Difficult to destroy them on the ground?

Mr. **Calero**. Difficult to carry out the operation on account of the Sandinista surveillance.

Mr. **Cohen**. You indicated a few moments ago that you were on the Hill from time to time, Capitol Hill, making visits to various Congressmen and Senators, I assume, indicating how much you needed support from the Congress.

Mr. **Calero**. Yes, sir.

Mr. **Cohen**. Did you indicate to them that you were in desperate need of funds?

Mr. **Calero**. Yes. I opened up to them and answered all their questions in the best way I could, and I requested their support.

Mr. **Cohen**. Did you ever indicate to any of the Members of Congress that you had, in fact, been stockpiling weapons and ammunition and you had enough to last for some considerable period of time?

Mr. **Calero**. We only had a big stockpile in very few items. We had a big stockpile in ammunition and rifles, but everything else we were short of practically.

Mr. **Cohen**. I was wondering because that memo that I referred to earlier this morning, the final paragraph said "please do not in any way make anyone aware of the deposit". I assume that refers to the deposit from Country Number Two, "the deposit". There is only one "the deposit"——

> Please do not make anyone aware of the deposit. Too much is becoming known by too many people. We need to make sure that this new financing does not become known. Congress must believe that there continues to be an urgent need for funding.

Did Colonel North ever tell you that?

Mr. **Calero**. No I don't remember that. That is a letter that I don't remember receiving. But we never—the only thing we could have considered to stockpile is 10,000 rifles and 15 million rounds of ammunition. Everything else we had in limited amounts.

And at the time my interest was in obtaining surface-to-air missiles because the Sandinistas, the Hind-D helicopters, the Soviets—the flying tanks that really turned the situation in the war appeared in August 1985.

Mr. COHEN. You attempted to solicit money from Country Number Three, all right?

Mr. CALERO. Yes.

Mr. COHEN. And you were unsuccessful in that attempt?

Mr. CALERO. I was unsuccessful, yes.

Mr. COHEN. Were you ever made aware that that country was, in fact, solicited and they contributed $2 million?

Mr. CALERO. No. I found that out yesterday. But I knew, however, that my friend, General Singlaub, had spoken to some people there. I was surprised to hear—he is surprised, too.

Mr. COHEN. Are you surprised to learn now that the $2 million apparently never came to you?

Mr. CALERO. Well, I am certainly surprised now and I will look for them.

Chairman INOUYE. On April 9, 1987, you met with the staff of this committee, and under oath, you testified as follows. On a question as to whether Colonel North had asked you for money, you said, "Yes."

And the question followed, "Did he tell you what it was for?" And you answered, "Something connected with hostages. Yes."

> *Question:* "What did he say"—Colonel North—"What did he say?"
>
> Answer: "That that was going to be used in connection with the hostages because the U.S. Government could not, you know, couldn't do anything like that."
>
> *Question:* Was he talking about the hostages that were taken in Lebanon?
>
> Answer: "Yes. Yes, those hostages. Yes."

Mr. CALERO. That is what I have repeated and expanded a little bit today.

Chairman INOUYE. He told you that the U.S. Government could not do it so you do it for us?

Mr. CALERO. I mean the U.S. Government—there was some limitations as to what—of course, I am talking about something that happened 3 years ago, and I am trying to put together thoughts in my own words and that is——

Chairman INOUYE. Thank you very much.

Senator McClure.

Mr. MCCLURE. Mr. Chairman, I have one further question. I ran out of time.

Mr. Calero, you testified this morning that you did get some intelligence information from Colonel North, I think some maps and photographs. If I recall correctly, you also said it wasn't very useful to you or you didn't use it. Am I correct?

Mr. CALERO. I said that none of the intelligence that we got at different times, from Colonel North, we used or we based any plan of ours or any battle or any—yes, that I have said. And I remember, yes, seeing maps with indications there, radar stations or antiaircraft stations and things like that.

Mr. MCCLURE. But it didn't affect your operations or it wasn't useful to you in planning day-to-day operations?

Mr. CALERO. No, no, no. We never got any intelligence that would be useful to plan day to day or even to plan an operation ahead.

We had our own intelligence, too. We had lots of messengers inside Nicaragua, and inside Nicaragua we have a network of people working for us. The fact is that no guerrilla can subsist without the cooperation of the civilian population.

Mr. MCCLURE. Thank you, Mr. Chairman.

Chairman INOUYE. Senator Heflin.

Mr. HEFLIN. Mr. Calero, I referred in my questioning to a document I believe pertaining to $98,000 in traveler's checks that were made payable to—made or given to Colonel North, and this was an analysis of the disbursements of that that had been able to be identified.

It is my understanding that three checks on this analysis involved checks to people involved with the DEA or hostages, that they totaled $25,300.

For the record, unless there is some reason that I don't know about, I would like to make this a part of the record.

Chairman INOUYE. I would have to set this aside temporarily because there are certain names appearing on this that should not appear in the open record.

Mr. HEFLIN. That is all.

Chairman INOUYE. Congressman Hyde.

Mr. HYDE. Thank you, Mr. Chairman.

Mr. Calero, it is true, is it not, that the Sandinistas took 18 years to ultimately be there when Samoza was toppled, is that not true?

Mr. CALERO. Yes, sir.

Mr. HYDE. And during that 18 years, they had the support of the Communist Bloc nations, did they not?

Mr. CALERO. Yes, sir.

Mr. HYDE. You have only been at this since about 1982, is that correct?

Mr. CALERO. 1982, 1983, yes.

Mr. HYDE. We often hear, Mr. Calero, that the Contras can't win, that they don't have the equipment, the training to march into Managua, to win any big battles, to occupy any cities. It is true, is it not, that the Contras are not a normal military force but they are a guerrilla force and a guerrilla war is a lot different than a conventional, march-behind-the-flags type of war, is that not so?

Mr. CALERO. Right, sir.

Mr. HYDE. In fact, let me read to you a part of a quotation that I read to General Secord, and he agreed with it.

> At the heart of the upcoming debate lies the victory issue. Can the Nicaraguan Democratic Resistance win? But the way the question is posed usually obscures the proper response. Victory in a low-intensity war does not signify that the adversary has been militarily defeated. It is confirmation that he is exhausted and bled dry, that he is psychologically defeated. The aim of a guerrilla war is to slowly, through single, small actions, culminating in larger operations, erode the domestic and international perception of a government's legitimacy. Victory comes unnoticed through the back door in an unexpected moment when a regime collapses like a punctured balloon.

Isn't that the purpose and the end of democratic resistance military operation inside Nicaragua?

Mr. **Calero**. That thoroughly coincides with our overall strategy, yes, sir.

Mr. **Hyde**. Now, we hear about negotiations. We have a feeling that the problems with Communist governments are simply negotiable misunderstandings, that if we could sit down like good fellows across the table have a little comradery, a little small talk, there is nothing we can't work out with Communists.

That seems to be a perception that animates so much of the thinking in the West. Isn't it true that we made a deal with the Sandinista Marxist-Leninists back in 1979, when they said to the OAS, "We will have free elections, we will have a mixed economy, there will be freedom of the press, freedom of religion," and in exchange for that commitment, the Organization of American States, the United States and all of the civilized countries in the area withdrew support from Somoza, and the Sandinistas and their junta was ushered into power.

Isn't that true?

Mr. **Calero**. Right, sir.

Mr. **Hyde**. What reason do you have, or can you offer—I can't think of any—that we would have a different go-around this time if we just sit down and negotiate with the same people that told us what their pledges and promises were in 1979? What has happened to make them change those ultimate goals?

Can you think of anything?

Mr. **Calero**. Well, they have not, definitely, changed. However, I feel that we are not like them, that we are spiritually and morally of a higher, much higher level, and that we should be open to consider changes of mind which would necessarily come out of a deteriorating condition of the Sandinista Government in order maybe to save their necks and go on and enjoy all the money they have taken out of the country already.

Mr. **Hyde**. I come from Chicago and there are a lot of exiles there, emigres from captive nations, Lithuanians, Poles, Ukrainians, Latvians, Estonians, Czechs, and they know a little bit about dealing with Communists and trying to get them to the table to negotiate on human rights and things.

There is some conventional wisdom among these people that says the way you negotiate with a Communist is you grab them by the shirt and the pants, and you pull them and his heart and mind will follow.

Do you think there is some—do you think they are right? Do you think they have something there?

Mr. **Calero**. There is a lot of experience on the part of those people, I am sure, that we do not as yet have.

Mr. **Hyde**. Do you think if we ever reach Utopia and the United States develops a consistent policy of supporting the Freedom Fighters in Nicaragua, and the surrounding states understand that we are there for the long haul, we don't have shortness of breath, we are not going to change our mind tomorrow or next week or next session of Congress, that we are committed to the cause of freedom every bit as much as the Soviet Union and Cuba are committed to the revolution without borders; if that conviction could ever permeate Central America, don't you think the frontline states would take heart?

Don't you think that they would then stand up, with us and with you? And then the Organization of American States would do what it really should do, and that is defend freedom down there?

And when Western Europe understood that this is our hemisphere and that if we have to divert resources from there over here, they may be the weaker—so we would have political pressure, we would have economic pressure, always with the military pressure of the Democratic Freedom Fighters. That combination, that triad, might well bring the Sandinistas to the table, and either the first boat to Havana or negotiate free elections, freedom of the press, freedom of religion, free labor unions, all of those things that spell human dignity which are absent from Nicaragua today.

Don't you think that might happen?

Mr. CALERO. You have expressed it very well, and I subscribe to what you say, sir.

Mr. HYDE. Thank you, and I congratulate you as a great patriot.

Mr. CALERO. Thank you.

Mr. HYDE. Thank you, Mr. Chairman.

Chairman INOUYE. Mr. Sarbanes?

Mr. SARBANES. I just have a couple followup questions.

Was it clear to you, in your meetings with President Reagan in which Colonel North was present, that the President knew Colonel North?

Mr. CALERO. That the President knew him personally?

Mr. SARBANES. Yes.

Mr. CALERO. Oh, yes. In the first meeting Colonel North stayed in Mr. McFarlane's office, stayed in the back. He did not participate in the conversation, but he was there.

Mr. SARBANES. But you understood the President knew Colonel North, didn't he?

Mr. CALERO. Oh, I would imagine so, yes. I don't doubt that.

Mr. SARBANES. Did Colonel North represent to you on occasion that he had talked with the President about your activities and what was going on?

Mr. CALERO. Well, he kept the President informed, you mean? I mean, what—maybe once, twice or something like that, or more times. Very few times Colonel North made direct references to the President.

Mr. SARBANES. About his conversations with the President about your activities?

Mr. CALERO. About the President's dedication, about the President's own unswerving support to our cause.

Mr. SARBANES. Thank you, Mr. Chairman.

Chairman INOUYE. Congressman Courter.

Mr. COURTER. Thank you, Mr. Chairman.

Mr. Calero, I don't have many questions. We are moving right on very rapidly.

Directing your attention to the Contras, the Resistance, the insurgents, the democrats in your country, much has been said about their inability to win. There have been press reports about the fact that they are not concerned about human rights.

Could I ask you your observation with the Contras' consistency with international understanding of human rights obligations, and what type of a record, as a member and as a leader of that organization, do you think it rightly should have?

Mr. CALERO. Well, as way back as—as far back as 1984, we had correspondence with the International Red Cross. We offered to subscribe to the Geneva Conventions and we invited them to take prisoners that we had and turn them over to the Sandinistas, and they didn't do anything about it—not effectively, anyway. They said that they would start by accepting correspondence from the prisoners that we had, and they did.

Then we had a code of conduct as way back as 1983, and we have been conducting in an ever increasing way, pitching human rights to our men, bringing in ministers and priests to minister to them and to speak to them about respect of human rights, love your neighbor. And actually, if you knew the composition of our troops, you would see that in many cases it is like a family enterprise, where there is father and son, father and daughter, cousins, brothers. These people are peasants, these people are small landowners. They fight in their own districts. They know the people around.

And for us to commit human rights abuses against the civilian populations is tantamount to suicide because they are our lifeblood. They are the ones who join our troops, they are the ones who supply us with intelligence, with food. They are the ones who hide our wounded. They are the ones who medicate them.

So really, there has been a lot of—the Sandinistas have a very lot of propaganda today. It has been demonstrated already that when they have claimed that we have committed murder and all of that, it is not true.

There was a recent report in the *Washington Post* where the newspaper people were brought to a place in Nueva to show atrocities of ours and it turned out that every one of the people had been dressed in greens, military greens, and were bearing weapons. But the Sandinistas consider them civilians.

So a lot of what has been said are lies and we do, of course, have—tried to improve the conduct, the behavior of our men.

Mr. COURTER. You indicated that you had a code of conduct.

Mr. CALERO. Yes, sir.

Mr. COURTER. What specifically—and very quickly—is in that code of conduct that you require your people to conform with?

Mr. CALERO. Well, the code of conduct is based on the Geneva Convention, treatment of civilians, treatment of captured soldiers and general behavior with their fellow guerrillas.

Mr. COURTER. What is the morale of the Contras at this time?

Mr. CALERO. Very high, sir. It is surprisingly high now, and it has been high through hell and high water, as you say.

Mr. COURTER. What would you say motivates the Contras that you have, very quickly?

Mr. CALERO. Well, love of country, love of freedom, a sense of——

Mr. COURTER. Thank you, Mr. Calero. I have just one last question, and I don't want to run over my time.

You are very familiar with the Sandinista army, their military capabilities, the aid that they have received, the size of that army. Would you say that army is strictly in its composition and its training and its military hardware and exercises purely defensive or both offensive and defensive in its nature?

Mr. CALERO. Well, they have been offensive when we are weak and now that we have regained some strength through the aid of the United States, they have definitely become defensive, and we have taken on the initiative, the upperhand.

Mr. COURTER. Thank you, Mr. Chairman.

Thank you, Mr. Calero.

Chairman INOUYE. Thank you very much, sir.

Mr. Calero, I have just received word from the members of the House Select Committee that they wish very much to have the opportunity to discuss this matter further with you so if you would just step aside temporarily, and we would like to now call upon our next witness so the next witness can give his opening statement.

So with that in mind, the panel will take a short recess.

[Recess.]

Chairman INOUYE. The hearing will please come to order.

Our next witness is John K. Singlaub, Major General, United States Army retired.

General Singlaub, will you please stand?

Raise your right hand.

[Witness sworn.]

TESTIMONY OF MAJ. GEN. JOHN K. SINGLAUB, U.S. ARMY, RETIRED

Chairman INOUYE. Please be seated.

General Singlaub, as you know, Mr. Calero is presently testifying, but because of voting problems in the House of Representatives, we have asked Mr. Calero to step aside momentarily to permit you to present your opening statement. Your opening statement has been received by the joint panel, but the American public has not heard you yet, so if you wish to proceed, the floor is yours, sir.

Mr. SINGLAUB. Thank you, Mr. Chairman.

Mr. Chairman, Senators, Congressmen, I would like to take a few moments to acquaint the committees with who I am. My background as a career Army man spans more than 35 years. Since my retirement from the Army in 1978, I have, as chairman of the United States Council for World Freedom, worked to help the democratic forces who oppose what I believe is Mr. Daniel Ortega's attempt to subvert the Nicaraguan popular revolution by transforming that revolution into a totalitarian Marxist regime.

I offer this not as a substitute for the answers that I am happy to provide to your questions, or to take up the time of the committees. As you know, I am glad to appear here voluntarily to assist the committees. I believe that this brief statement will, in fact, save you time.

I am from California, having been born in the town of Independence in the Sierra Nevada mountains near Sequoia National Park. I graduated from the University of California at Los Angeles. I was commissioned an Infantry second lieutenant on January 14, 1943, and volunteered for parachute duty overseas with the Office of Strategic Services.

I want to mention just a few things about my time in the Army. I believe these facts will help you see what has motivated my personal efforts to help achieve democracy in Central America.

Shortly before the invasion of southern France in 1944, I led a three man team, which parachuted behind Nazi lines in France, to organize and lead a French resistance unit in combat against the Nazis. In December of 1944, I volunteered for duty in the Far East and I was the leader of a team which trained and led democratic Chinese guerrillas in operations behind Japanese lines in southern China.

In August of 1945 I led a rescue mission which parachuted into a Japanese prisoner of war camp on Hainan Island off the Coast of China to successfully liberate some 400 allied prisoners of war.

After the close of World War II, I spent 3 years in Manchuria. There I served as the head of the U.S. Military Liaison mission to the democratic Chinese who were fighting the Chinese Communists.

During the Korean War, I was an infantry battalion commander. I also served for 1 year as the Deputy Chief of the CIA Mission in Korea, organizing missions behind enemy lines in support of American troops.

During the Vietnam War I served 2 years as Head of a Joint Army-Navy-Air Force-Marine unit, which carried out reconnaissance and operations behind North Vietnamese lines in support of our soldiers in Vietnam.

In 1976 I returned to Korea, this time as the Chief of Staff of the United Nations Command and of the U.S. Forces in Korea.

In this assignment, I objected publicly to the Carter administration's plan to withdraw U.S. troops from Korea, which I believe would have increased the risk of war in Asia.

Ultimately, because of Congress' objections to this withdrawal plan registered in a series of House and Senate hearings at which I testified, President Carter deferred his plan to withdraw our troops except for one: I was reassigned to a considerably quieter post.

One year later, on May 31, 1978, I voluntarily retired from the U.S. Army after more than 35 years of active service.

Now, let me conclude by briefly outlining how I came to help the democratic forces in Nicaragua.

In August of 1981, while I was in Taiwan to lecture on what I saw as the continuing threat posed to democracy by communism, I was asked to form a U.S. chapter of the World Anti-Communist League. The League was founded in 1954 by the Korean patriot and American ally, Syngman Rhee.

By the early 1980s, the major figure in the League was the Belgian general and Senator Robert Close, who, like me, had fought the Nazis in the resistance, but unfortunately, unlike me, had been captured by the Nazis.

In November, 1981, I established the United States Council for World Freedom as the American chapter of the League. Working with General Close, we shifted the main thrust of the League activities from passive anticommunism to active support of the prodemocratic resistance movements fighting Communist totalitarianism.

I first became involved in the events in Central America in the early 1980s when I began to assist El Salvador to cope with the Marxists who were waging terrorist warfare against its democratic government and the civilian population. I helped to bring former U.S. military personnel to El Salvador to train their army in counterguerrilla fighting.

In May of 1984, the Under Secretary of Defense, Dr. Fred Ikle asked me to chair a panel, which has been referred to as the Singlaub panel. The purpose of this was to examine the war being waged against El Salvador by the Marxist guerrillas.

After studying the situation, I recommended a reduction in the level of violence and increase in intelligence training and small unit tactics, and clearer explanations to the people of the human rights violations of the Communist guerrillas.

In addition to Under Secretary Ikle and other U.S. officials, I briefed Colonel North and other staff of the National Security Council on my findings.

This was my first substantive meeting with Colonel North, although I had met him briefly in early 1981 while briefing a wide range of U.S. defense and security policy officials on the value of special operations forces for counterterrorism and hostage rescue operations.

In January of 1984, I met with Adolfo Calero. I approached him on my own initiative, and offered to help the Nicaraguan Democratic Opposition in the same way I had personally assisted in El Salvador, that is, by sending former military advisers.

In addition, I offered to raise private funds when he told me this was one of their principal needs.

I want to emphasize that my offer to Mr. Calero, made in January of 1984, was an entirely personal one unconnected with the U.S. chapter of the World Anti-Communist League, the U.S. Council for World Freedom, and in no way suggested or directed by anyone in the U.S. Government.

I did inform U.S. officials, including Colonel North, of my efforts in this regard.

Later, when it became clear that the Nicaraguan Democratic Resistance needed medicine and other nonlethal aid, I established a project within the U.S. Council for this purpose.

Subsequently, when I saw that the Nicaraguan Resistance needed arms, I personally undertook to arrange a shipment of arms to them. My decision to do so resulted from a visit I made in March 1985 to the base camps of the Resistance where I had many long conversations with Enrique Bermudez, the military commander of the Nicaraguan Democratic Front. We discussed the type of arms best suited for guerrilla war.

In conclusion, I want to emphasize that I always have been open about my efforts to help the Nicaraguan Democratic Resistance. In fact, I have publicly spoken out to anyone who would listen on the need for private American financial support for this democratic cause. The Nation's media, I should add, have been very forthcoming in allowing me this opportunity.

I also want to emphasize that I have worked in this cause at my own initiative. On the other hand, I have wanted to work in support of the administration objectives, which I shared. On the other hand, where I felt particularly strong regarding something, I went forward to achieve my own objective even when that was in conflict with administration officials.

A good example of this, is the question of whether or not Eden Pastora, or "Commandante Zero," as he is affectionately referred to inside Nicaragua, should be encouraged to return to his place in the Democratic Resistance or be caused to leave the field. At a time when U.S. officials in the CIA and the State Department were apparently trying to keep him out of the Resistance organizations, I traveled to Costa Rica to try to persuade him to rejoin the struggle. I was convinced then, as I am today, that he could make a vital and important contribution to the democratic resistance.

As in my public disagreement with President Carter over the withdrawal of U.S. Forces from Korea, and in the Eden Pastora case, I have not hesitated to disagree with U.S. officials where I believe they are wrong.

I should add at this point that I only wish I had known beforehand of our intent to deal in arms with the Iranian Government. Unfortunately, I, like most other Americans, knew nothing—either directly or indirectly—about the Iranian arms deal until it was announced to the public by Attorney General Edwin Meese.

In closing, please allow me what might be termed a brief soldier's perspective on the fight for freedom in Nicaragua. In doing so, I also want to remind you of what the National Bipartisan Commission on Central America—which was chaired by Henry Kissinger and whose senior counselors included some of you here today—said about Nicaragua only 3 years ago, when I began this work.

Right now, even as we talk, young Nicaraguans are fighting and dying to rescue their land from the Marxists—and the Soviet subjugation that so inexorably follows the triumph of Marxist totalitarianism. Often undertrained, always underarmed, they attack and regularly defeat the largest army ever amassed on Central American soil—an army that marches on Marxist orders.

Based upon all my combat experience in four wars, I can guarantee you today, that given the tools, this band of brave warriors, the Nicaraguan Democratic Resistance, can free their country. They can seize and shut down the first Soviet base on Continental American soil. They can stop the spread of communism in Central America and, more importantly, they can bring the benefits of democracy and a free economy to the people of that land.

But they need our help; they need it today—and I believe they deserve it today.

In January 1984, the National Bipartisan Commission on Central America, which, as I noted, had as its senior counselors some of you who are here today, drew the following conclusion on the strategic importance to America of what is happening in Nicaragua.

> The use of Nicaragua as a base for Soviet and Cuban efforts to penetrate the rest of the Central American isthmus, with El Salvador the target of first opportunity, gives the conflict there a major strategic dimension. The direct involvement of aggressive external forces makes it a challenge to the system of hemispheric security, and, quite specifically, to the security interests of the United States. This is a challenge to which the United States must respond.

Members of this committee, this old soldier did respond. For, as Churchill said of the brave Brits nearly two score and 10 years ago, "They fight by themselves alone, but they do not fight for themselves alone."

Thank you, Mr. Chairman, for listening to my remarks.

[The prepared statement of John K. Singlaub appears in appendix C.]

Chairman INOUYE. Thank you very much, General Singlaub, and I thank you very much for your very eloquent statement.

I would like to now recognize the deputy counsel of the House Committee, Mr. Ballen.

Mr. BALLEN. Thank you very much, Mr. Chairman.

General Singlaub, in late November or December of 1984, did you meet with officials from what has been referred to in these hearings as Country Three and Country Five?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. Where did that meeting take place, sir?

Mr. SINGLAUB. It took place in the embassies of those two countries here in this capital city.

Mr. BALLEN. In Washington, DC?

Mr. SINGLAUB. In Washington, DC, yes, sir.

Mr. BALLEN. And what did you say to those officials at that time?

Mr. SINGLAUB. I told them that as they knew, because I knew both of these officials for a long period of time, I told them that as a private citizen, I had certain flexibility that the government officials did not have in view of the fact that the Boland Amendment had been passed, and placed certain restrictions, as yet not clearly defined, on their efforts to solicit funds from another country to help the Nicaraguan Freedom Fighters.

Mr. BALLEN. Did you mention to these officials the kind of help that the Nicaraguan Freedom Fighters needed?

Mr. SINGLAUB. Yes, I did. I was very specific in stating that they needed bullets and guns.

Mr. BALLEN. Did you mention any other kinds of weapons that they might need at that time?

Mr. SINGLAUB. Yes, I was very concerned about the air defense situation, and told them it was very expensive to buy air defense missiles, but that was an important requirement, because the Soviets were moving large quantities of the most sophisticated people-killers in the world, the Hind-D that Adolfo Calero mentioned a while ago.

Mr. BALLEN. What was the response of these officials from Countries Three and Five here in Washington?

Mr. SINGLAUB. They expressed concern that they did not want to irritate the Congress by openly defying the Boland Amendment. On the other hand, they expressed sincere interest in being helpful if this could be done in a way that did not attract attention.

Mr. BALLEN. After your meeting with officials from Countries Three and Five, did you meet with anyone who worked at the White House?

Mr. SINGLAUB. Yes, I did. I met with Colonel Oliver North.

Mr. BALLEN. What did you say to Colonel Olver North?

Mr. SINGLAUB. I reported to him on the conversations I had with the senior officials of Countries Three and Five, told him that they appeared to be sincerely interested in helping, but that they themselves did not make those decisions, that they would have to transmit my request to their governments in their own capitals.

Mr. BALLEN. Did you specifically brief him on your request for funds from these countries for military assistance to the Nicaraguan Resistance?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. What, if any, followup did you suggest?

Mr. SINGLAUB. Since I was planning a trip to Countries Three and Five in January 1985, I told him that I was prepared to go and meet with senior officials in those governments, both countries I knew people very near the top of the Government, and I felt that I could expedite or facilitate the decisionmaking by answering questions on the spot.

Mr. BALLEN. How did Colonel North respond to that?

Mr. SINGLAUB. Well, he concurred in that suggestion, and gave it his blessing.

Mr. BALLEN. Did he make any specific request to you at that time?

Mr. SINGLAUB. He requested that when I returned, that I give him a thorough briefing on what transpired.

Mr. BALLEN. You say he agreed and gave it his blessing, how did he express that to you? What words did he use, to the best of your recollection?

Mr. SINGLAUB. Well, I think he said he thought it was a good idea, he saw no objections, and certainly it appeared to be in keeping with the overall policy of the administration to provide help to the Nicaraguan Democratic Resistance.

Mr. BALLEN. At that time, approximately in early December 1984, do you recall having any conversations with Colonel North about foreign nationals conducting operations for the Nicaraguan Resistance?

Mr. SINGLAUB. Yes.

Mr. BALLEN. What were those conversations, sir?

Mr. SINGLAUB. Well, that it might be useful to use a third country, that is, non-Nicaraguan, non-United States, to conduct operations inside Nicaragua, that he thought that they were people available who could be hired for that purpose.

Mr. BALLEN. Did he mention any agent that he had hired, any British agent?

Mr. SINGLAUB. Yes, he did.

Mr. BALLEN. What did he say?

Mr. SINGLAUB. He said that he had this individual who was a former member of the SAS, who was, he believed, qualified, and he then asked me for my opinion concerning the basic outline of the operation.

Mr. BALLEN. And did you offer an opinion to him on that?

Mr. SINGLAUB. I did, and I recommended that it be approved and be executed.

Mr. BALLEN. Referring back to your earlier testimony and Colonel North's agreement that you should travel to these countries to solicit from them, did in fact in January 1985 you travel to Country Number Three?

Mr. **Singlaub**. I did, yes.

Mr. **Ballen**. And without mentioning the names, who did you meet with? What was the rank, generically, of the officials that you met with from Country Number Three?

Mr. **Singlaub**. They were ministers at the ministerial level equivalent to our secretaries of the departments of the executive branch.

Mr. **Ballen**. And what did you say to them when you met with them?

Mr. **Singlaub**. I emphasized the fact that I was not a member of the U.S. Government. They knew this. I said that the restrictions placed upon the U.S. Government was causing some great stress in our ability to render help to the Nicaraguan Freedom Fighters, that there had been a temporary suspension of support to the Nicaraguan Freedom Fighters, that I hoped that they would come to the aid of a country that had been friendly with them for many, many years at this difficult time.

I recognized the problems associated with their own relationships in that country and that it had to be secret. I also indicated that I realized that they did not want to irritate the Congress of the United States, because they depend upon the Congress of the United States for aid, and that I thought that we could work out an agreement which would conceal their contribution and prevent these hazards that they expressed to me.

Mr. **Ballen**. And did you propose to them a way for them to conceal that contribution?

Mr. **Singlaub**. Yes. In the case of Country Three, I offered three alternatives. I stated that I could give them a foreign bank account into which they could deposit money. In that circumstance, I would be unable to give them any follow-up information about how the funds were spent.

As a second alternative I stated that I would be willing to meet with their representative at any country in the free world and receive from them an instrument which I would then deposit in an overseas account and under those circumstances, I could give them a detailed accounting of how the money was spent if that was important.

And in the case of Country Three, I offered a third alternative, which was that since they were in the process of buying large quantities of expensive materiel from the United States through private vendors, that if I knew in advance one of these vendors, I might have been able to go to that vendor and reach an agreement where the commission could be shared with the Nicaraguan Freedom Fighters, and they would not have to transfer the funds. It could be taken care of by one of the vendors selling equipment to Country Number Three.

I should add that in both cases, I also said that we would be prepared to receive from them military supplies in kind if they preferred to do that.

Mr. **Ballen**. Like your discussions that you had earlier in December and late November 1984 with officials in Washington, did you specifically outline to officials from Country Three the military needs of Nicaraguan Resistance?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. And were you specifically soliciting from them funds to help the Nicaraguan Resistance with those military needs?

Mr. **Singlaub**. Yes, and I emphasized that the air defense problem was the first one that needed to be solved because of the influx of Soviet manufactured helicopters which were very deadly to the resistance.

Mr. **Ballen**. General Singlaub let me just make sure that the third option that you presented to the officials from Country Three is understood. You would agree upon a price for an arms shipment that was going to be sent to them, would that be correct?

Mr. **Singlaub**. Yes.

Mr. **Ballen**. And as a portion of that price, part of the proceeds would then go to the Nicaraguan Freedom Fighters, is that also correct?

Mr. **Singlaub**. Yes.

Mr. **Ballen**. In your meeting with officials from Country Three, what, if anything, did you say concerning the U.S. Government other than what you have already testified to?

Mr. **Singlaub**. I was concerned, based upon the questions that they asked about what my relationship was to the government. I stated that it would be—I believed that it would be possible for me to have someone in the administration send a signal to them, that is, to have someone indicate that I was not operating entirely on my own, without the knowledge of the administration. If they felt that that was necessary, that I would try to make such an arrangement. After I got back to Washington.

Mr. **Ballen**. Now, sir, how did the officials that you spoke with from Country Three respond to your request?

Mr. **Singlaub**. They expressed interest. They indicated that they would like to have a signal sent by somebody in the administration.

Mr. **Ballen**. Now, sir, did you subsequently travel to Country Three?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. What did you say to officials from Country Five?

Mr. **Singlaub**. Essentially the same thing that I said to Country Number Three, except that in Country Five all purchases of military materiel was handled on a government-to-government basis and; therefore, I did not present the third option there.

Mr. **Ballen**. Sir, did you also discuss with officials from Country Five military—funds for military aid for the Nicaraguan Freedom Fighters?

Mr. **Singlaub**. I certainly did, and again emphasized that we would be very pleased to receive contributions in kind, and I could make arrangements for the goods to be carried on a non-U.S. carrier from their ports to an appropriate port in a third country.

Mr. **Ballen**. Sir, when did you return to Washington after these trips?

Mr. **Singlaub**. I believe that I came in early February 1985.

Mr. **Ballen**. Did you present the results of your trip to Colonel North, as he had requested you to do in December?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. And what did you tell Colonel North at that time?

Mr. SINGLAUB. Well, I reviewed with him my entire presentation. I believe at that time I still had my handwritten notes. I went through that with him and told him that it would be appropriate at this time for him to have someone who was recognized as a spokesman for the administration to make contact with the representatives here in Washington, and to indicate that they knew of my trip and of my request, and that the administration had no objections to that, and it would not get them in trouble with the administration if they did that.

Mr. BALLEN. Where did this meeting take place? Did it take place in Colonel North's office or elsewhere?

Mr. SINGLAUB. It did. Most of my meetings were with Colonel North in his office, although occasionally he would come to the hotel where I was staying.

Mr. BALLEN. Did you explain to Colonel North the three options that you had presented to Country Three on your trip?

Mr. SINGLAUB. Yes, to the best of my recollection, I did.

Mr. BALLEN. Could you explain again for the members of the committee exactly what, to the best of your recollection, you said to Colonel North concerning those three options?

Mr. SINGLAUB. I told him that I had given to the individual that I had briefed a three-by-five card on which I had placed the name of the bank and the account number into which any funds could be deposited directly.

I told him that I was also prepared to go to another country, any place in the free world, and meet with representatives, if they asked that.

And in the case of Country Number Three, I said that I presented a third option, which was that since they were buying large quantities of materiel from U.S. vendors, that we could arrange with that vendor to take part of the commission and put it into the account of the Nicaraguan Freedom Fighters. This would remove any line item in the disbursements of that Country Number Three from observation.

Mr. BALLEN. And how did Colonel North respond to this last option that you had proposed to officials of Country Three?

Mr. SINGLAUB. Well, I don't recall exactly how he responded, except perhaps to say, well, that might work, something like that.

Mr. BALLEN. Now, sir, you testified that Colonel North would arrange to send a signal, as you had requested?

Mr. SINGLAUB. Yes.

Mr. BALLEN. And did Colonel North himself ask you to make any followup with these country officials, do you recall?

Mr. SINGLAUB. I believe that he said that he would let me know if there was to be any followup, that he had to brief his superiors.

Mr. BALLEN. He nonetheless stated to you that he would seek to send the signal?

Mr. SINGLAUB. That is correct, yes.

Mr. BALLEN. Do you know whether the solicitation you made to Countries Three and Five was ever successful, to your own personal knowledge?

Mr. SINGLAUB. No, I do not know.

Mr. BALLEN. General Singlaub, directing your attention to March 1985, I believe you stated in your opening statement that you traveled to the base camps of the FDN, is that correct?

Mr. SINGLAUB. That is correct, yes.

Mr. BALLEN. Who did you meet with at that time?

Mr. SINGLAUB. I met, of course, with Adolfo Calero, Enrique Bermudez and the other members of the directorate of the FDN who were in Tegucigalpa. Of course, I met with many of the commandantes who had come in from Nicaragua.

Mr. BALLEN. Who is Enrique Bermudez? What is his position with the FDN?

Mr. SINGLAUB. He is the military commander for Adolfo Calero.

Mr. BALLEN. At that time did you develop with Enrique Bermudez a list?

Mr. SINGLAUB. Yes, I did. It was a list that developed over a period of 3 or 4 days that I spent with Enrique. We had lots of time together because we were having a lot of transportation problems. That is not the easiest place to travel, in the base camp area.

Mr. BALLEN. Sir, after you had—and this was—this was a list of——

Mr. SINGLAUB. It was a list of small arms and ammunition arranged at one point in order of priority, but it included a mix. In other words, if we were going to buy some AK-47s or—in fact, we bought the AKMS, which is a folding-stock type of AK-47—we would want to also have some RPG-7s, some light machine guns, so we had a mix of ammunition and other support weapons in addition to the basic infantry weapon.

Mr. BALLEN. And this was a list that you had drawn up together with Enrique Bermudez?

Mr. SINGLAUB. Yes. It also included air defense missiles, ground missiles. SA-7s was what I hoped to be able to get.

Mr. BALLEN. In April 1985, did you meet with Colonel Oliver North?

Mr. SINGLAUB. Yes.

Mr. BALLEN. Did you have with you the list developed with Enrique Bermudez?

Mr. SINGLAUB. Yes, I did. I wanted to get his concurrence and make sure that we weren't doing something that was in conflict with what others were doing, so I took the list to him. To the best of my recollection, he made some additions and subtractions to the list, or changed the mix a little bit, still keeping within the constraints of the total amount that Calero had said was available for this purchase.

Mr. BALLEN. When you say "he," you are referring to Colonel North, who made these changes to the list?

Mr. SINGLAUB. That's right, yes. They were insignificant, but we accepted his suggestions.

I had also consulted with other experts, making sure that we were getting the right—the best kind of weapons mix.

Mr. BALLEN. After Colonel North made these suggestions to the list of arms, did you come to any agreement with Colonel North as to a final list during this meeting?

Mr. **Singlaub**. Yes, we definitely did. I said I wanted to have a list that was not going to change at the whimsy of someone, and we did reach a clear-cut statement of what we were going to buy.

It did not include, by the way—the ultimate list—any surface to air missiles.

Mr. **Ballen**. General, prior to traveling to the FDN base camp in March, had you ever had discussions with Colonel North about the legality of arms purchases for the Nicaraguan Resistance?

Mr. **Singlaub**. Yes, I did. I don't remember whether that took place in 1984 or early 1985, but I did ask for his advice, what are the parameters within which I must operate if I am going to do this.

He said he had discussed this with lawyers, and at the time I believe that he had discussed it with someone in the Justice Department. He gave me the rules.

Mr. **Ballen**. What did he tell you?

Mr. **Singlaub**. First of all, that the funds could not be solicited in the United States and banked in the United States, they would have to be deposited outside of this country; second, that we could not use any U.S. carrier, either air or surface, to move them, could not use any bank—U.S. bank to do it, and that it, of course, would not be purchased in the United States. It had to be—all of the transaction—done outside of the country.

Mr. **Ballen**. These were the rules, if I understand your testimony, that Colonel North gave you in order for you to be capable of buying weapons for the Nicaraguan Resistance, keeping within U.S. laws?

Mr. **Singlaub**. That's correct.

Mr. **Ballen**. And you had this conversation with him prior to traveling to Central America in March 1985?

Mr. **Singlaub**. To the best of my belief, it was prior to the trip down there, yes.

Mr. **Ballen**. Let me direct your attention, sir, back again to April of 1985. You testified that Colonel North gave his approval to the list.

Mr. **Singlaub**. Right.

Mr. **Ballen**. After Colonel North gave the approval on the proposed arms purchase that you were to conduct, did you then take any steps to procure the arms?

Mr. **Singlaub**. Yes. I met with an arms dealer who had been certified to me by a friend, who had been in a position to purchase this type of weapon system from the East Bloc. He gave me the name of and assisted in and introduced me to an arms dealer from—who was in that business and was considered reliable.

Mr. **Ballen**. Did you subsequently meet with the arms dealer referred to you?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. Do you recall where that meeting took place?

Mr. **Singlaub**. Yes. It took place in the Sheraton-Carlton Hotel on 16th and K in this city.

Mr. **Ballen**. What month would that be, sir?

Mr. **Singlaub**. That was in April 1985, toward the end of it.

Mr. BALLEN. And what, if anything, did you say to the arms dealer concerning your discussion, prior discussion with Colonel North on this proposed transaction?

Mr. SINGLAUB. Well, I am not certain of the exact words. I believe that I assured him that this list had the blessing of my contacts in the National Security Council. I don't remember at the time whether I actually used Colonel North's name or simply stated that it had been blessed in the National Security Council by the contacts that I have been using to keep the Government informed.

Mr. BALLEN. Did the arms dealer that you met with say whether or not he was able to procure these items on the list?

Mr. SINGLAUB. Yes, he assured me, assured us—Adolfo Calero was with me at this meeting—that he could procure these weapons and ship them as directed.

Mr. BALLEN. General Singlaub, Mr. Chairman, I do not see in front of the witness an exhibit book. Perhaps if we can——

Mr. SINGLAUB. Is this it?

Mr. BALLEN. OK.

Mr. SINGLAUB. I have one here, Mr. Ballen.

Mr. BALLEN. You do have one?

Mr. SINGLAUB. Yes.

Mr. BALLEN. General Singlaub, does your list—if you turn—does it have exhibit JKS-1 in about the middle of the book?

Mr. SINGLAUB. Yes.

Mr. BALLEN. Now, directing your attention, sir, to exhibit JKS-1, do you recognize that document?

Mr. SINGLAUB. Yes, I do.

Mr. BALLEN. How do you recognize it?

Mr. SINGLAUB. I think I gave it to you. At least I have seen it before because I do recognize it.

Mr. BALLEN. And when did you first—is that your handwriting on the document?

Mr. SINGLAUB. No. It is not.

Mr. BALLEN. What is this document, sir?

Mr. SINGLAUB. It is a list of weapons and ammunition.

Mr. BALLEN. Is this——

Mr. SINGLAUB. Soviet-type weapons system.

Mr. BALLEN. Is this the list that you had drawn up with Enrique Bermudez, or a modification thereof?

Mr. SINGLAUB. Well, it went through an evolution. I think this is one of the iterations.

Mr. BALLEN. And, sir, is this the list that Colonel North had approved and that you took to meet with the arms dealer in April 1985.

Mr. SINGLAUB. This is pretty sloppy. I would hope that I would have had it retyped before taking it to meet with an outsider, but it—the numbers that are circled are the ones that appeared on the final list.

Mr. BALLEN. Now, General Singlaub, could you please explain some of the items on the list. Directing your attention particularly to SA-7s, as it appears. What were the SA-7s as they appeared on this initial list?

Mr. SINGLAUB. This was to be a—this was a SA-7 Mark-2, that is the second generation that is improved over the first generation. We initially listed 20 sets, a set is a launcher plus three missiles, five batteries, as I recall. This had a high priority.

They are very costly and would have consumed a great deal of the total cost and the need was so urgent that we discussed the need for trying to get them flown rather than putting them on a ship as the bulk of this shipment was to be moved.

Mr. BALLEN. Now, I noticed the first item on the list is AKM-47s, are those AK-47 rifles?

Mr. SINGLAUB. That is the AK-47, that happens to be the folding sock version which I had concluded would be preferable for guerrilla operations there.

They are manufactured in the Soviet bloc for their airborne forces and things like that.

Mr. BALLEN. General Singlaub, did you have discussions with the arms dealer at this meeting about the prices for which he could furnish the arms?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. And was Adolfo Calero present at this meeting?

Mr. SINGLAUB. He was.

Mr. BALLEN. And what, if anything, did Adolfo Calero say about the prices for the arms?

Mr. SINGLAUB. Well, he thought that they were unusually low, remarked that at least in the case of the AK-47s that price was about half of what he had previously had to pay.

Mr. BALLEN. Sir, after you determined the prices from this meeting with the arms dealer, did you discuss, have occasion to discuss the price with Colonel North?

Mr. SINGLAUB. Yes.

Mr. BALLEN. And where did the discussion take place?

Mr. SINGLAUB. Probably in his office but I again am not certain of that. Most of my discussions on this did take place in his office in the Old Executive Office Building.

Mr. BALLEN. And what, if anything, did Colonel North say concerning the prices for the arms?

Mr. SINGLAUB. I suspect—as I recall his initial expression may have been one of disbelief, but confirmed that by and large these prices were lower than anything that he had ever seen before.

Mr. BALLEN. General Singlaub, did you have a subsequent meeting in Colonel North's office with Adolfo Calero and General Richard Secord?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. And when, approximately, would that be? Would it be in the same period of time?

Mr. SINGLAUB. I believe that it was after this list had been approved and after I had submitted the final list to the arms dealer.

Mr. BALLEN. And what discussions occurred during this meeting?

Mr. SINGLAUB. My recollection is—the primary subject was the need for air defense missiles and how we were going to get them, where we would get them and how we would get them quickly to the Democratic Resistance.

Mr. BALLEN. Would that be the SA-7 missiles?

Mr. SINGLAUB. SA-7, that is right.

We wished we would be able to get some others. We would have liked to have had some U.S. redeyes or stingers, we would like to have gotten some blowpipes from the British, but this appeared to be the best way to go at this time.

Mr. **Ballen**. General Singlaub, had Oliver North—you testified that you had discussions with your arms dealer, the arms dealer you met with, about the SA-7s and you received a price on that. Had Oliver North previously asked you to price the SA-7s with your arms dealer?

Mr. **Singlaub**. I don't—I certainly indicated that I would get a price. I don't know whether he asked me, but when we discussed the need for the SA-7s, I did, in fact, as a result of that conversation, ask for and get a price for it.

Mr. **Ballen**. Did General Secord say that he could obtain these weapons, the SA-7s, at a particular price?

Mr. **Singlaub**. Yes. As I recall, his price was higher. Our cost was about 165. I notice this says $164,000 for a set. My recollection is not perfect on this, but I think General Secord said that he could get them for about 180,000, something like that, which we believed to be comparable quality.

Mr. **Ballen**. Was any decision made by Colonel North and Adolfo Calero concerning the SA-7s?

Mr. **Singlaub**. Yes.

Mr. **Ballen**. I take it Adolfo Calero was also at this meeting?

Mr. **Singlaub**. He was. Adolfo and I went there and found that when we got there, Dick Secord was there as well.

Mr. **Ballen**. I am sorry to interrupt you. Was any decision made?

Mr. **Singlaub**. Yes, a decision was made by Colonel North and Adolfo that because I was unable to produce trainers to train in the use of these—I came into the meeting without any knowledge of whether or not I had them—General Secord was prepared to provide trainers to not only train in the new missiles, but to find out what was going wrong with the missiles they already had in their possession.

And based upon that, Colonel North and Adolfo Calero agreed that they were that they were going to allow General Secord to procure and ship the SA-7s.

Mr. **Ballen**. General Singlaub, at this time, would you please turn to what has been premarked in your book exhibit JKS-2?

Mr. **Singlaub**. Yes.

Mr. **Ballen**. And I ask you the same question, do you recognize that document?

Mr. **Singlaub**. Yes. This, I am sure I gave to you.

Mr. **Ballen**. And how do you—is this the—what does this document represent?

Mr. **Singlaub**. This is the final list that was submitted and against which our measure of effectiveness was to be weighed. It also contains the OK of Adolfo Calero down in the lower righthand corner.

Mr. **Ballen**. You are referring to the—whose initials are in the lower righthand corner?

Mr. **Singlaub**. That is the initials of Adolfo Calero.

Mr. **Ballen**. And did you give this list to Adolfo Calero to approve, or did someone else working with you?

Mr. **Singlaub**. I am not certain whether I gave it—I do remember suggesting that we get his initial on the final list, so that we would be sure that we had—were ordering exactly what he wanted.

Mr. **Ballen**. Now, looking at the list, the SA-7s have been eliminated from the list, is that correct?

Mr. **Singlaub**. That is correct. Yes.

Mr. **Ballen**. Were they eliminated because of what you had testified earlier, Colonel North and Adolfo Calero's decision to buy those weapons from General Secord?

Mr. **Singlaub**. Yes. That is what it ended up being. It enabled us to increase the number of rounds of ammunition for the AK-47s and for the RPKs and to increase the number AK-47s by eliminating that cost from this list.

Mr. **Ballen**. General Singlaub, referring back to your meeting again with General Secord in North's office. Did General Secord ask you anything about the ship that you were using to deliver these arms to the Nicaraguan Freedom Fighters?

Mr. **Singlaub**. I don't remember whether it was in that meeting directly from General Secord or whether it was in a subsequent meeting from Colonel North, but we were asked if it would be possible to divert our ship to make a stop in another country to pick up some arms that were hungup there.

Mr. **Ballen**. Were these arms that General Secord had purchased?

Mr. **Singlaub**. Yes.

Mr. **Ballen**. For the Contras?

Mr. **Singlaub**. Yes, that was my understanding, but there was some that he had that he needed transportation.

Mr. **Ballen**. Do you recall whether General Secord asked you this or whether Colonel North asked you to divert your ship?

Mr. **Singlaub**. I don't remember. I do know it was related to General Secord's arms procurement activity.

Mr. **Ballen**. Would it be either General Secord or Colonel North?

Mr. **Singlaub**. I think it would be either one or the other, that is correct.

Mr. **Ballen**. Now, at some later point in time, General Singlaub, did you learn that General Secord had supplied other arms to Nicaraguan Freedom Fighters besides those SA-7s?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. And what arms did you learn that he had provided?

Mr. **Singlaub**. Well, I understood that he had procured some weapons that were very much delayed. They were coming by surface means from another country. I think that has been referred to as the slow boat from China, rather than to China. And that was to be small arms similar to the ones on this list, but containing other items that I do not—I am not aware of.

Mr. **Ballen**. Did you learn anything about the price General Secord had charged the FDN for AK-47s and other weapons?

Mr. **Singlaub**. Well, I think I learned from Adolfo Calero that he had been required by the marketplace or whatever to pay almost twice as much—in some cases more than twice as much—as what we were able to get these weapons for.

Mr. **BALLEN**. Did Colonel North ever say anything about this?

Mr. **SINGLAUB**. Yes, he did.

Mr. **BALLEN**. What did Colonel North say?

Mr. **SINGLAUB**. Well, he, as I said earlier, at first he expressed some surprise, doubt, that they could be purchased for that price. But made it quite clear that that was a very, very good price and a bargain. We were getting twice as many weapons for the same amount of money.

Mr. **BALLEN**. Colonel North confirmed to you that your prices were cheaper than those of General Secord?

Mr. **SINGLAUB**. That is correct, yes.

Mr. **BALLEN**. Now, during this same period of time—the spring of 1985—did you have any conversation with Oliver North about the news media?

Mr. **SINGLAUB**. Yes, I did.

Mr. **BALLEN**. Where did that conversation take place?

Mr. **SINGLAUB**. To the best of my knowledge it was in his office. Some of my fundraising activities were being reported heavily by the media. He expressed some concern——

Mr. **BALLEN**. He being Oliver North?

Mr. **SINGLAUB**. He being Oliver North—that with this high visibility of my fundraising that there might be some connection with Oliver North into this effort, because I had been coming to his office quite regularly. He expressed that concern to me.

I said that it was very difficult, if not impossible, for me to raise funds without having visibility, that I had to give speeches and to go to fundraising activities, and these inevitably would be reported on by the media.

And he—I pointed out that this was essential for what I was doing, but that there were certain benefits associated with that. In addition to the advantage of increasing the fundraising activity, I found that it was a great boost to the morale of the Nicaraguan Freedom Fighters to have an old soldier who was openly expressing concern for their cause and trying to help them. That was a benefit.

Mr. **BALLEN**. General Singlaub, let me ask you this question. Did you come to any agreement with Colonel North about your activities, your profile and visibility with the news media?

Mr. **SINGLAUB**. Yes. He indicated that he understood and agreed that I would have to maintain a high profile in order to do this, getting these other benefits to include one that I discussed with him and that is that if I had high visibility, I might be the lightening rod and take the attention away from himself and others who were involved in the covert side of support.

Mr. **BALLEN**. You discussed that with Colonel North?

Mr. **SINGLAUB**. Yes. We discussed it and reached agreement that there was little that I could do except to accept this high profile.

Mr. **BALLEN**. And did he agree that one of the benefits of this would be that, as you testified, it would divert attention away from his activities and covert operations?

Mr. **SINGLAUB**. Yes. Since this was one of his concerns, that was brought up as one of the advantages of my high visibility.

Mr. **Ballen**. And after this meeting with Colonel North, did you continue to give interviews with the press and continue to take a high profile, high visibility role?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. And at some point in time, did you hire a public relations firm?

Mr. **Singlaub**. Yes. I was having increasing difficulty in meeting the requests from the media. Most of them originated in the Washington, D.C. area. I was getting ready to host a major worldwide conference of the World Anti-Communist League, where I would have over 100 nations coming to Dallas, and I needed a public relations firm to handle that. This was in September 1985. So I did hire a public relations firm to help me.

Mr. **Ballen**. Now, referring back again, General Singlaub, to the arms shipment that you had arranged and had Colonel North's approval on. When did that ship—the arms? I assume, I take it that the arms that you had procured were going to arrive by ship?

Mr. **Singlaub**. That is correct, yes.

Mr. **Ballen**. When did that ship leave for international waters?

Mr. **Singlaub**. My recollection is that it was on the 20th of June 1985.

Mr. **Ballen**. And, sir, what make were the arms on board the ship? Were they eastern——?

Mr. **Singlaub**. They were East bloc manufactured weapons.

Mr. **Ballen**. What financial arrangements with the FDN did you make to pay for these arms?

Mr. **Singlaub**. Adolfo Calero had indicated to me that he had $5.3 million available which could be used for the purchase of these arms and we tailored the list to fit within those parameters, recognizing we had to pay for shipment as well as insurance.

And the agreement was that he would arrange to transfer funds to an account designated by the arms dealer in Switzerland, and when those were received in that bank, then action was taken by the shipper to load the ship and send it to the destination we designated.

Mr. **Ballen**. Sir, at this time I would like you to turn to what has been premarked JKS exhibit no. 3.

Mr. **Singlaub**. I have that, Mr. Ballen.

Mr. **Ballen**. Thank you.

Do you recognize this document?

Mr. **Singlaub**. Yes, again this—I am confident this came from my files that I provided to you.

Mr. **Ballen**. And what is the document, sir?

Mr. **Singlaub**. It is a listing of the weapons and ammunition that was ultimately shipped.

Mr. **Ballen**. Was this the manifest of the cargo onboard the ship or was this another document reflecting the arms that were shipped?

Mr. **Singlaub**. It is not listed as a manifest, but in fact that is what it is.

Mr. **Ballen**. These arms as reflected in exhibit JKS-3, were these the arms that the FDN had ordered?

Mr. **Singlaub**. Those are exactly the type and quantity of arms requested by the FDN.

Mr. BALLEN. And when did those arms arrive for the FDN's use?

Mr. SINGLAUB. They arrived in the designated port on the 8th of July 1985.

Mr. BALLEN. And to whom was the cargo consigned?

Mr. SINGLAUB. To a senior official in the country in which the port was located.

Mr. BALLEN. Would this be an official of the military of that country?

Mr. SINGLAUB. A military official, that is correct, yes.

Mr. BALLEN. And——

Mr. SINGLAUB. The committee, I believe, has the identity, identification of the individual and the port.

Mr. BALLEN. And what if anything—had you met this official?

Mr. SINGLAUB. Yes, I had.

Mr. BALLEN. And what if anything had Adolfo Calero or anyone else told you about him, his role in reference to the FDN?

Mr. SINGLAUB. He had been designated by the Government of that country to be the official point of contact in that country with the Nicaraguan Democratic Resistance.

Mr. BALLEN. Sir, who in fact met the ship?

Mr. SINGLAUB. A representative of that individual whose name is Mario Dellamico.

Mr. BALLEN. Now, you say it was a representative of that individual. Do you know for a fact whether he was a representative of the military official of the country, or did he hold himself out to be such as he met the ship?

Mr. SINGLAUB. He held himself out, he stated that he was the representative. Somebody had to tell him when the ship was arriving. We had only informed the official that we were supposed to. And he behaved in a way indicating that he had the full authority of that government.

Mr. BALLEN. Did you subsequently meet this individual Mario Dellamico?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. Where was that?

Mr. SINGLAUB. It was in September in Los Angeles. I was in Los Angeles giving a lecture or a speech, and he called me at my hotel insisting that he fly on that day from Miami to meet with me, and I——

Mr. BALLEN. When did this occur, General Singlaub?

Mr. SINGLAUB. This was in September 1985. Towards the end, I believe.

Mr. BALLEN. Did you meet with him?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. What did he say to you?

Mr. SINGLAUB. Well, it was a several-hour conversation, as I recall, but the main thrust was that he was in hopes that we would never send another ship as we did in the past, that we would request and purchase the weapons systems from the individual that he worked for. At this point, he claimed to be working for Ron Martin, a recognized arms dealer from Miami.

Mr. BALLEN. How did you respond to him?

Mr. SINGLAUB. I interpreted his statements—because he continued to make reference to high officials in the host country—as a threat. I told him that if his company were able to provide weapons of comparable quality at the same cost, we would of course buy from him and thereby eliminate the need for arranging transportation. But my interest was in getting the best quality weapons, the largest number of them for the FDN, and that was my primary guiding principle, and that is the way I would operate in the future.

Mr. **BALLEN**. General Singlaub, did you subsequently report this conversation with Mario Dellamico to Colonel Oliver North?

Mr. **SINGLAUB**. Yes, I did.

Mr. **BALLEN**. When was that?

Mr. **SINGLAUB**. I can't give you the exact date, but I suspect it was in October 1985 or thereabouts.

Mr. **BALLEN**. Would that also have occurred in Colonel North's office?

Mr. **SINGLAUB**. Yes. It certainly was not over the telephone.

Mr. **BALLEN**. What did you say to Colonel North at that time?

Mr. **SINGLAUB**. Well, I objected to his behavior and told him I thought that it was kind of a threat, and that I was in hopes that there was not going to be any pressure placed on us to buy from this company which would give us only half the weapons for the same amount of money.

He said that he would take whatever action was necessary on this.

Mr. **BALLEN**. Did he agree with you as to whether or not to purchase from this source? He said he would take whatever action is necessary.

Mr. **SINGLAUB**. My recollection is that he was noncommittal. I just don't remember what transpired from that——

Mr. **BALLEN**. Was he——

Mr. **SINGLAUB**.—with certainty.

Mr. **BALLEN**. Was he pleased with this approach by Dellamico?

Mr. **SINGLAUB**. No, he was not pleased. He agreed with me that that was inappropriate and that he agreed with me that it appeared to be in the nature of a threat.

Mr. **BALLEN**. I take it he agreed—you testified earlier he agreed to take whatever action was necessary in that regard.

Mr. **SINGLAUB**. That's right.

Mr. **BALLEN**. Sir, let me at this time ask you to turn to what has been premarked exhibit JKS-5.

Mr. **SINGLAUB**. Yes, I have that.

Mr. **BALLEN**. Do you recognize the document?

Mr. **SINGLAUB**. Yes, I have seen that previously.

Mr. **BALLEN**. And what is this document? What does it reflect?

Mr. **SINGLAUB**. It reflects the transmittal of a letter that I wrote to Bill Casey.

Mr. **BALLEN**. Well, let me direct you to JKS-4. I believe I have the wrong exhibit, in calling out the previous exhibit. I am one step ahead of myself.

Mr. **SINGLAUB**. Right. I have JKS exhibit 4.

The same question?

Mr. **BALLEN**. Same question.

Mr. **SINGLAUB**. What is it.

This is a memorandum reporting a telephone call that had been received here in Washington from the arms dealer, who reports that Mario Dellamico went to the embassy of the East bloc country from which these weapons had been purchased, demanding that they sell him weapons at the same price.

Of course, the authorities denied that they had sold us any weapons, and they didn't really believe it or know of it. And when this was reported to me, I requested that the information be provided to Colonel North, and this is the memo to Colonel North reporting this incredible thing, because the arms dealer was summoned to the embassy of that country in Switzerland shortly after Dellamico appeared at that embassy here and was given a rocket for having engaged in such activities.

His assistant, that is, the arms dealer's assistant, was similarly called at exactly the same time to that East bloc country's embassy in Austria and given a similar blast.

Mr. BALLEN. General Singlaub, did you discuss this or do you know whether or not this memo was, in fact, turned over to Colonel North?

Mr. SINGLAUB. I am confident that it eventually got to his attention, yes.

Mr. BALLEN. Did you have any conversation with him about it?

Mr. SINGLAUB. Yes, I did. I—this reinforced statements that I had said earlier about the irresponsible behavior of Mario Dellamico. I had had other complaints about him with respect to meeting some of the aircraft that were flying relief supplies from New Orleans down to Tegucigalpa or to the airfield. He would meet those planes and take charge.

Mr. BALLEN. General Singlaub, did there come a time when you spoke to the Director of Central Intelligence, William Casey, about how effectively a company in which you were associated, GeoMilitech, had handled the July arms shipment?

Mr. SINGLAUB. Yes, I spoke to him on at least two occasions.

I must say that those were not in his office, as I recall, because—it probably was at a social activity, because he and I had agreed that I would not mention the subject of support to the Nicaraguan Freedom Fighters to him. He threatened to throw me out of his office if I did.

I would try to say, you are the Chief of Intelligence, aren't you interested in knowing what is happening down there? No, he would shout, and make it clear that we would not discuss it.

So all of my visits with him were on areas of my activity in other parts of the world and not related to Nicaragua.

Mr. BALLEN. You had known him for some time, is that not true?

Mr. SINGLAUB. Yes, I had. When I parachuted into occupied France, he was my case officer. He was the officer in London who responded to my urgent needs, and gave me direction.

Mr. BALLEN. Sir, what was—what did you say to him about this company—what was your purpose in praising the company?

Mr. SINGLAUB. I pointed out to him in a very brief conversation that we had been able to set together a mechanism which appeared to be secure, honest, efficient, for delivering weapons to the Nicaraguan Freedom Fighters at considerably less cost than what had been charged by the agency when they were running it or by anyone subsequent to that, and I thought that he ought to know of that, and make some effort to use that facility in the future.

Mr. **Ballen**. Do you know whether or not your conversations with the Director of Central Intelligence Casey led to a meeting with Casey and the President of GeoMiliTech?

Mr. **Singlaub**. Yes, it did.

Mr. **Ballen**. When did that occur?

Mr. **Singlaub**. I believe in December 1985.

Mr. **Ballen**. Were you present at that meeting?

Mr. **Singlaub**. No, I was not.

Mr. **Ballen**. Did you receive a report of that meeting after it occurred?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. Sir, at this time, I would like you to turn to what has been premarked as exhibit JKS-7.

Mr. **Singlaub**. Yes, sir, I have that.

Mr. **Ballen**. General, I would like to ask you if you recognize this particular document—I am sorry, JKS-6. My exhibit book is differently marked.

Mr. **Singlaub**. Yes, I have seen that document previously.

Mr. **Ballen**. And when did you see it?

Mr. **Singlaub**. I am not able to specify the exact time, but I saw it before it was presented to Director Casey.

Mr. **Ballen**. Was it presented to Director Casey during that December meeting that you——

Mr. **Singlaub**. I don't have firsthand knowledge of that, but I understand that it was, yes.

Mr. **Ballen**. Do you know whether or not this document was presented to any other individuals apart from Director Casey?

Mr. **Singlaub**. I believe that it was discussed with Oliver North. I know that it was discussed with former senior officials of the U.S. Government.

Mr. **Ballen**. And what does the document reflect, sir?

Mr. **Singlaub**. It is a proposal to provide Country A with some equipment that they need to enhance their situation, the Country B needs some things that they can get from the United States, and it was a three-way trade which would enable the U.S. Government, the administration, to acquire some Soviet bloc weapons without having to go through the painful process of appropriations.

Mr. **Ballen**. And this was to provide weapons to insurgencies, antiCommunist insurgencies around the world?

Mr. **Singlaub**. That is correct.

Mr. **Ballen**. Including that in Nicaragua?

Mr. **Singlaub**. Including that in Nicaragua, but not limited to that.

Mr. **Ballen**. Sir, do you know whether or not Director Casey ever approved of this plan?

Mr. **Singlaub**. I do not.

Mr. **Ballen**. Did you have a personal opinion of the plan at the time?

Mr. **Singlaub**. Yes. I was not enthusiastic about it, for one aspect, and that is that one of the countries involved was one that I did not feel we ought to be enhancing their military capability.

Mr. **Ballen**. Other than that, how did you feel about this?

Mr. **Singlaub**. I thought it was a good plan which would make it possible for the United States to be a little more covert in their support for resistance forces, democratic resistance forces around the world.

Mr. **Ballen**. General Singlaub, directing your—did you ever travel—you testified earlier about your travels and your solicitation of Country Number Three in January of 1985, and your reports and approval of Colonel North at that time. Did you ever travel again to Country Number Three soliciting funds for the Nicaraguan Freedom Fighters?

Mr. **Singlaub**. I traveled to Country Number Three and to Country Number Five in May of 1986 and it was my intention to follow up, because I had no indication that my first efforts had been successful.

Mr. **Ballen**. You had no firsthand knowledge of whether or not Country Three had contributed $2 million to the Nicaraguan Freedom Fighters after your trip?

Mr. **Singlaub**. That's correct. I did not have until this hearing started.

Mr. **Ballen**. Like your previous trip, did you have—before going over to solicit funds again for the Nicaraguan Freedom Fighters from Country Number Three, did you have any conversations with Oliver North?

Mr. **Singlaub**. No, I didn't have any conversations directly with Oliver North. By that time the principal contact for activities in Central America, and specifically the Nicaraguan Democratic Resistance, was Elliott Abrams.

Mr. **Ballen**. Did you have any conversations with Elliott Abrams?

Mr. **Singlaub**. Yes, I did. I briefed him on my first trip and explained that one of the things that I did not have clearly established before I left on that trip was how the United States would send a signal, and I wanted to have worked that out in advance this time, and he concurred in the solicitation of both Country Three and Country Five and said that he would be the one that would give the signal.

And then I proceeded on the trip, made arrangements to see the head of state in both of those countries.

Mr. **Ballen**. Did you, in fact, travel to Country Number Three again?

Mr. **Singlaub**. I did.

Mr. **Ballen**. And what happened when you arrived in Country Number Three?

Mr. **Singlaub**. After my appointment in Country Number Three was confirmed, I received a telephone call from Elliott Abrams and he told me to not carry through with the extracurricular activity that I had explained to him I was going to be involved in. I was going there for another purpose.

I said, well, my gosh, I have already made appointments, so can you tell me why?

He says, I can't tell you why now, but when you get back I will explain why you are not to make that solicitation.

Mr. **Ballen**. Did you desist from making the solicitation?

Mr. SINGLAUB. I did, and it was clear that I should not make the second attempt at Country Number Five.

Mr. BALLEN. When you returned to the United States, did you have occasion to talk to Elliott Abrams about why he had asked you to desist?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. What, at that time, did Elliott Abrams say to you?

Mr. SINGLAUB. He indicated that the reason I was not to make the solicitation is it was going to be handled by someone at the highest level, which I assumed to mean someone in the White House.

Mr. BALLEN. Did he mention anyone in the White House by name?

Mr. SINGLAUB. No, he did not.

Mr. BALLEN. General Singlaub, I would like to direct your attention to what is marked JKS exhibit 5.

Mr. SINGLAUB. Yes, I have that.

Mr. BALLEN. Sir, again I will ask you if you recognize that particular document.

Mr. SINGLAUB. Yes, I have seen it before.

Mr. BALLEN. What does the document reflect?

Mr. SINGLAUB. Well, it is a transmittal, to someone unidentified, of a personal letter that I sent to Bill Casey.

Mr. BALLEN. Did this letter result, General Singlaub, from any conversation that you had with Oliver North in July of 1986?

Mr. SINGLAUB. Yes, I believe that this was a result of a request from Oliver North that I provide to Mr. Casey a list of the weapons that could be purchased at the prices that we were offering, and that is, in essence, what this is.

Mr. BALLEN. Were these items—items of military hardware to be furnished to the Nicaraguan Freedom Fighters?

Mr. SINGLAUB. Yes.

Mr. BALLEN. What did you say in your letter to Director Casey about this list?

Mr. SINGLAUB. I indicated that it was probably going to take some time before the funds were actually flowing and before they could be obligated, but that the contacts that we had previously established which had proven to be reliable were prepared to advance money to enable the arms to be purchased and shipped against a future payment after the details of the appropriation were available.

Mr. BALLEN. In other words, this was a plan to extend credit before funds were appropriated—that's by Congress in order to purchase weapons for the Nicaraguan Freedom Fighters?

Mr. SINGLAUB. That is correct.

Mr. BALLEN. Did you discuss this idea and this list with Colonel North as well a Director Casey?

Mr. SINGLAUB. I believe that I did, yes. I am not—I don't remember the occasion, but this is the type of thing that I ordinarily would have reported to him, so that we wouldn't have any crossed wires.

Mr. BALLEN. Sir, do you know whether or not this proposal was ever accepted either by the CIA or by Colonel North?

Mr. SINGLAUB. I know that it was not.

Mr. **Ballen**. Mr. Chairman, I just have one brief subject matter left in my direct—about 5 minutes.

Chairman **Inouye**. Please proceed.

Mr. **Ballen**. Thank you, Mr. Chairman.

General Singlaub, you mentioned in your opening statement your involvement with Eden Pastora, and I just wanted to ask you a few questions about that.

In March of 1986, before you left to meet with Pastora, had you discussed your plan with Elliott Abrams?

Mr. **Singlaub**. Yes, I did.

Mr. **Ballen**. What did you say to Elliott Abrams?

Mr. **Singlaub**. I reviewed with Elliott Abrams the information that I had from Nicaragua, which in essence was that the only person in the Democratic Resistance there that had name recognition throughout all of Nicaragua was Commandante Zero, Eden Pastora. And that I recognized that there had been conflicts in controlling him in the past. I thought perhaps some of these problems were related to personality conflicts or to amateurism on the part of the case officer.

In many cases he appeared to be an asset that ought not be lost and wasted. And I told him that I would like to go down and try to convince him to rejoin the United Nicaraguan Opposition. And while he expressed some doubts that that could be done——

Mr. **Ballen**. He, meaning Elliott Abrams?

Mr. **Singlaub**. He, meaning Elliott Abrams—posed no objection to that.

Mr. **Ballen**. Did you discuss your plan before you left with anyone else in addition to Elliott Abrams?

Mr. **Singlaub**. Yes. I had discussed it with some staff members of a Senator. I discussed it with some other members of the Department of State. I was anxious to talk to Elliott because he was meeting repeatedly with Oliver North. I knew that Oliver North was not enthusiastic about trying to get Eden Pastora back into the resistance. He did not trust him.

Mr. **Ballen**. Let me ask you this question, sir.

Did you meet with Ben Wickham?

Mr. **Singlaub**. Ben Wickham was not a member of the administration at that time. He had retired. Ben Wickham had been recommended to me by Bill Casey as a good source of information, because Ben Wickham had been the Station Chief in Managua for 3 years during the Sandinista period.

Mr. **Ballen**. Had Ben Wickham also been Director Casey's special deputy?

Mr. **Singlaub**. Special Assistant, I believe was the title.

Mr. **Ballen**. Was he recently retired at the time?

Mr. **Singlaub**. That is correct.

Mr. **Ballen**. Did you subsequently travel to Central America and meet with Eden Pastora?

Mr. **Singlaub**. I did, yes.

Mr. **Ballen**. Did you come to an agreement with Eden Pastora?

Mr. **Singlaub**. Yes. Ultimately I came to an agreement with him, which was favorable to all persons concerned, but this was after a considerable amount of investigation in that area.

Mr. BALLEN. In substance, sir, was your agreement that Eden Pastora would go into Nicaragua and in return supplies, food, other medicines, as well as ammunition would be furnished to him by other Contra forces?

Mr. SINGLAUB. That is correct, yes.

Mr. BALLEN. Did you show this agreement to any officials of the U.S. Government?

Mr. SINGLAUB. On the day that it was signed by Eden Pastora and myself I took it to, and gave it to the U.S. Ambassador to Costa Rica.

Mr. BALLEN. And who was that at the time?

Mr. SINGLAUB. Lewis Tambs.

Mr. BALLEN. What was his reaction to the agreement that you had struck with Pastora?

Mr. SINGLAUB. He was very pleased. He was very pleased and he exhibited some surprise that we were able to get that agreement because the agreement was that Eden Pastora would do all of the things that would eliminate the problems that the Government officials of both Costa Rica and the United States had expressed concerning his presence there, and I had previously gotten agreement that we would be able to provide some of the equipment that Eden Pastora needed.

Mr. BALLEN. Now, General Singlaub, did you speak to Adolfo Calero about furnishing ammunition and other supplies to Eden Pastora?

Mr. SINGLAUB. Yes, I did.

Mr. BALLEN. How did he respond?

Mr. SINGLAUB. Well, like Oliver North, he was not enthusiastic, but he did agree that the small quantity of ammunition that was needed to execute this plan was available in another country in Central America, could be transferred to a point of rendezvous that I had set up with Eden Pastora.

Mr. BALLEN. So the members of the committee understand, Eden Pastora was to operate in the south of Nicaragua on the Southern Front?

Mr. SINGLAUB. That is right.

Mr. BALLEN. Did Pastora ever receive this ammunition?

Mr. SINGLAUB. No, he did not. The ammunition was just a small part of it. He needed boots, he needed clothing, he needed medicines. I had personally visited his camps inside Nicaragua and found his people to be in terrible shape.

Mr. BALLEN. Did he receive any of these supplies?

Mr. SINGLAUB. He received none of them, that is correct. He was assured that the nonlethal equipment could be provided, and I was prepared to buy that and send it, but there were constant delays and postponements. Even though I had absolute assurances that this was going to go through and it was after I left the country on another activity that I was informed that we had reneged—"we", meaning collectively the people of the United States—that he had gone inside with his troops, taken up position had sent his aircraft to the rendezvous location to pick up the supplies, they never arrived.

Ultimately he had to surrender. He walked out, turned himself in to the Costa Rican authorities and was thrown in jail.

Mr. **Ballen**. When you say we had "reneged", who was "we"?

Mr. **Singlaub**. Well, I was responsible for the agreement. I thought I had the support lined up with the necessary U.S. officials and the officials of the FDN, but——

Mr. **Ballen**. Did somebody in the U.S. Government renege on that—

Mr. **Singlaub**. I learned later that it was someone in CIA who gave instructions that that aircraft would not deliver the supplies as we had agreed.

Mr. **Ballen**. So that Eden Pastora did not get those badly needed supplies?

Mr. **Singlaub**. He and his troops did not, and they were forced to cross the border and turn themselves in. And as I have said, Eden Pastora was thrown in prison in Costa Rica.

Mr. **Ballen**. Thank you very much, General Singlaub.

Mr. Chairman, I have no further questions.

Chairman **Inouye**. Mr. Kerr, do you have any questions?

Mr. **Kerr**. No questions.

Chairman **Inouye**. General Singlaub, will you favor us by returning tomorrow afternoon at 2 o'clock?

Mr. **Singlaub**. Yes, sir.

Chairman **Inouye**. Thank you very much.

We will now resume the questioning of Mr. Calero and the committee will take a short recess.

[Recess.]

Chairman **Inouye**. The hearing will please come to order.

Chairman Hamilton.

Chairman **Hamilton**. Mr. Chairman, I want to just express a word of apology to you and to the Senators and to our witnesses, Mr. Calero and General Singlaub. Earlier this afternoon, we had a series of six or seven votes in the House and it was necessary for members of the House to be present for those votes, and so we had to miss the session. And I wanted to let you know and to extend our apologies to you for that.

We will proceed in order with Mr. Fascell on the questions to Mr. Calero.

CONTINUED TESTIMONY OF ADOLFO P. CALERO

Mr. **Fascell**. Thank you, Mr. Chairman.

Mr. Calero, it is nice to see you again. We have been friends a long time. I can't remember how long exactly. It seems to me it was when you were in jail that we first got acquainted. We weren't cellmates; I have been accused of being worse.

I admire your cause and the efforts and the anti-Samoza efforts that you were involved in and the revolution in Nicaragua. I know you as an honorable person and as a true Nicaraguan patriot.

But you understand what we are up here doing and why this committee is inquiring. I am sure you do. It is a question of law and the Constitution and the operation of a democracy. And while it may not be the best for your cause, I know that you support everything this committee is doing in making the facts available to the American people and in deciding what happened and what went wrong, if anything. Am I correct?

Mr. CALERO. That is right, sir.

Mr. FASCELL. Would you turn to an exhibit there—let's see if I can read this thing—APC-7. That is the famous chart that wound up in Ollie North's safe, Mr. Calero, and you see there, it has U.S. accounts on the left there and it says—they cover the water front. They have liberals and conservatives.

Then it says "multi-corporations, United States and overseas." Do you see that, are you following me across the top line? And then the other organizations says "overseas only." One of them says "International Youth Committee," one box, and the other one I can't make out. I don't know whether it says Institute for Drugs or Institute for Democracy, and I am not trying to be funny. I can't make it out.

Do you have any clue about either one of those, because you will notice that this is the financial management plot plan that Mr. North had and you notice there is a line that runs from both International Youth Committee and the other organization down to FDN. FDN is crossed out, and then he has UNO, right?

Mr. CALERO. Right.

Mr. FASCELL. Then below that he has, it looks like to me, MDN and Robelo, and the next one looks like Liberty Party, LIB PTY, and can you make out the name in the parenthesis next to that? Does that mean anything to you?

Mr. CALERO. Cruz, C-r-u-z.

Mr. FASCELL. Do you know anything about International Youth Committee?

Mr. CALERO. No, sir, and I don't know about the other one either. I mean, the only thing I can very clearly see is that my name doesn't appear and it's got two other persons in it and it says UNO.

Mr. FASCELL. I understand, because they scratched out FDN.

The reason I ask that, because if you look up on your chart, you accounted for all the money you got.

Mr. CALERO. Yes, sir.

Mr. FASCELL. And the way I see it there is that on the sale, the money that came from the sale of arms to Iran, if you took all of the money below the $32 million, you don't have too much.

Mr. CALERO. Not at all.

Mr. FASCELL. Intel Co-Operation, Inc., you knew about them?

Mr. CALERO. Yes.

Mr. FASCELL. You were able to account for that money, so that is separate. You take that out.

So basically as you testified earlier, you are talking about maybe $200,000 from Lake Resources but you still don't know where that money came from?

Mr. CALERO. Congressman Brooks I think indicated that that Lake Resources money received in October 1985 was before any of the connections with the arms sales.

Mr. FASCELL. So that means zero from Lake Resources according to your account.

Miscellaneous deposits, the 417, you are not sure where that came from yet?

Mr. CALERO. I said there was money transferred through our accounts for the radio on the 15th of September and political endeavors that were sort of on the side of the FDN. And there are others that I think could be internal transfers for—but I would gladly take a look at it and I am sure I can define exactly what that——

Mr. **Fascell**. Now, as I remember your statements from the very beginning, Mr. Calero, when all of this information broke out, and as far as I know, you haven't changed your position?

Mr. **Calero**. No sir.

Mr. **Fascell**. With regard to you making the statement, as far as you knew, you didn't receive, FDN did not receive any of that money and you didn't receive any of that money?

Mr. **Calero**. Yes, sir.

Mr. **Fascell**. That we are talking about now about the money from the sale, sale of arms to Iran. That it might have, as I recall your testimony, or your statement, public statement, it might have been used with respect to air transport or other transport or drops. Am I stating you correctly?

Mr. **Calero**. That was the only alternative, because I did not know who was funding these private airlift or air resupply services that were being given.

Mr. **Fascell**. Now, did that air resupply service include, however, the supply of military equipment directly to the troops?

Mr. **Calero**. Not to my knowledge. It did not, because we were supplying the weapons and ammunition from our own resources.

Mr. **Fascell**. In other words, you had central control over the resupply or the supply of military materiel going to your own troops?

Mr. **Calero**. Yes, at our end.

Mr. **Fascell**. Thank you very much.

No further questions, Mr. Chairman.

Chairman **Inouye**. Senator Nunn.

Mr. **Nunn**. Thank you very much, Mr. Chairman.

Mr. Calero, just a couple of brief questions. I think you answered the question this morning Senator Cohen asked you about the purposes of FDN and you answered that it was to force the Sandinistas from office, is that correct?

Mr. **Calero**. Yes. Yes.

Mr. **Nunn**. What was the military objective of the FDN?

Mr. **Calero**. Well, the military objective of the FDN is to conform a combined effort with political, diplomatic efforts that would permit the driving out of the Sandinistas or the turning over of the Sandinistas and the establishment——

Mr. **Nunn**. Overthrow of the Government then?

Mr. **Calero**. The establishment of a democratic government in Nicaragua.

Mr. **Nunn**. Did you discuss the objective—this objective with Colonel North?

Mr. **Calero**. I do not remember, but I could have said that that was my purpose, that that was the way I looked at things and that was the way I felt.

Mr. **Nunn**. Did Colonel North ever give you an indication of what his objective was, what the objective of the U.S. Government was in supporting the Contras, the FDN?

Mr. **Calero**. Well, to my recollection—I mean, it had changed over the time. First to interdict arms, then it was cut off. Then we were given humanitarian aid. That was to keep us alive. And finally, we were given money both for lethal and nonlethal necessities.

Mr. **Nunn**. Did you ever set up any kind of apparatus for the interdiction of arms in El Salvador?

Mr. **Calero**. Yes. We had troops, as a matter of fact, we did make raids in the resupply point in a place called La Pelota, or La Paloma Island, which was right off the coast of northwestern Nicaragua and we did destroy and published this resupply point. We made not one in Cosiguina, which is in the Gulf of Fonseca.

Mr. **Nunn**. Was that one of your main objectives?

Mr. **Calero**. Well, sir, it was for us—for us it was accessory or I should say, it was in line with our main objective.

Mr. **Nunn**. It wasn't compatible with your main objective?

Mr. **Calero**. No, it was not.

Mr. **Nunn**. It was not part of your main objective?

Mr. **Calero**. It was coincident. Being a Nicaraguan you have to go a little further. I think you would understand that.

Mr. **Nunn**. Right. Did you have conversations with President Reagan? You mentioned you met with him three times. Did you ever express to him what your objective was?

Mr. **Calero**. Well, the liberation of our country. But I do not remember saying what our objective was. I remember talking to him more as to what we were doing, and our gratitude for his position, his permanent support of our effort.

Mr. **Nunn**. Do you recall President Reagan ever expressing to you what his objective was or what the objective of the U.S. Government was in assisting the Contras?

Mr. **Calero**. No sir. We did not go into such detail.

Mr. **Nunn**. Never did go into that detail?

Mr. **Calero**. No.

Mr. **Nunn**. Thank you.

Chairman **Hamilton**. Mr. Broomfield.

Mr. **Broomfield**. Thank you, Mr. Chairman.

Mr. Calero, I am sorry I wasn't here this afternoon to hear your testimony, so maybe some of the question I might have for you you have already answered.

First of all, I want to say we certainly appreciate very much your coming forward voluntarily to testify about what you know without demanding us give you a grant of immunity. I also want to express my own personal appreciation and respect for your efforts to keep alive the hope or for a free and democratic Nicaragua.

It seems tome the strategic interest of the United States is really at stake and I hope we will not lose sight of those interests as we probe the extensive details of this investigation.

As for myself, I believe America would be making a grave mistake if it abandoned the Nicaraguan Resistance once again by cutting off U.S. funding at the end of the current fiscal year.

But let me ask you, Mr. Calero, from your unique vantage point, what will happen to the Contras and the cause for freedom in Nicaragua if the Congress of the United States does not continue to provide you aid for your ongoing struggle?

Mr. **Calero**. Well, the United States will lose face with friend and foe, and as far as we are concerned, we will be left in an extremely difficult position, one of possible annihilation, and the Sandinistas will consolidate themselves, will launch the revolution without borders, which was their primary objective expressed right after the 1979 arrival of the Sandinista Government, and you will have a permanent presence in mainland America of a Soviet base with the consequent dangers to all of the Americas, including the United States.

Mr. **Broomfield**. Certainly if you don't have continued support from the Congress, you cannot depend on voluntary contributions to keep going?

Mr. **Calero**. Definitely not. It is—as you can see, it has been an on-and-off situation, and I believe that this country, as the arsenal of democracy, could share a little bit of that arsenal with us.

Mr. **Broomfield**. Mr. Calero, the United States is often referred to as—indeed, we like to think of it as—a lighthouse beaming a bright light, symbolizing freedom and hope to the oppressed world. In short, a beacon of liberty.

If that was so, would you say that, to the people of Nicaragua yearning for freedom, the United States is now viewed more like a lighthouse whose beam is growing dimmer currently or a lighthouse temporarily encased in a fog bank of itself by indulgent self-examination?

If it is the latter, what can we do short of voting more aid, to ensure that the beam light shines brightly again for you and your oppressed brethren?

Mr. **Calero**. You use the image of the lighthouse. I would say the lighthouse that goes on and off really represents a tremendous danger for ships because you cannot—you cannot count on it and count on it, and it is best not to count on something that is being shut on and off, and being put on and off.

I certainly think that we will bring about conscience in this country to keep up the support of our effort, which is not only for us but for all of us.

Mr. **Broomfield**. Mr. Calero, I wasn't here. You probably answered this question, but I think a key question in this investigation is, did you receive any aid from the socalled diversion of funds from the arms sales in Iran?

Mr. **Calero**. It is becoming more apparent every day that we didn't, which is something that we have held right from the beginning, and nonetheless we are in need of money. We have a debt of $1.9 million in Central American region, which cannot be paid out of the $100 million because there was a prohibition set on paying back debts, but we have to incur that debt in order to keep alive between the time of the end of the Nicaraguan Humanitarian Assistance Office, the humanitarian aid, and the beginning of the $100 million.

Mr. **Broomfield**. Mr. Calero, I just want to commend you for your appearance here today. I thank you very much, and wish you continued luck.

Mr. **Calero**. Thank you, Mr. Broomfield.

Chairman **Hamilton**. Mr. Rodino.

Mr. **Rodino**. Thank you very much, Mr. Chairman.

Mr. Calero, first of all I understand that you have appeared voluntarily and haven't sought immunity. Have you discussed before coming here to testify with anybody other than your attorney, anybody in the Federal Government, the White House, the CIA or either concerning this testimony that you are going to give?

Mr. Calero. Here? No, sir.

Mr. Rodino. OK.

Mr. Calero. I did tell Mr. Stokes that during the noon recess, I called an officer of the Central Intelligence office saying that I was here, that I would like to see them after the hearing was over.

Mr. Rodino. Why did you have to do that?

Mr. Calero. Why did I have to do that? After the hearing? Or why did I want to talk to him?

Mr. Rodino. Why did you want to talk to the CIA?

Mr. Calero. I wanted to talk to them because there is a matter of a helicopter that is being held here and that we need for it to be gotten down to the area because it is going to serve for Medevac, medical evacuation for our people. That was the primary objective.

Mr. Rodino. Mr. Calero, when you were deposed you stated with reference to the possibility of receiving money from foreign sources, that this was told you, you believe by Colonel North, and you also mentioned that General Secord referred to some substantial amounts that you were going to receive.

Did Colonel North tell you where he received this information?

Mr. Calero. No, sir. I, at one point, I gave him an account, bank account number where——

Mr. Rodino. Why did you give the bank account number?

Mr. Calero. Because he requested it from me and——

Mr. Rodino. Did he tell you why?

Mr. Calero. I——

Mr. Rodino. For what purpose?

Mr. Calero. He did not go into the details, but it was obvious that he would supply it to someone else who would send the money.

Mr. Rodino. Did he tell you who that someone else was?

Mr. Calero. No, sir.

Mr. Rodino. Did he tell you where you received the information that a foreign source was going to provide you with money?

Mr. Calero. No, sir. No, sir.

Mr. Rodino. You were very happy at that fact that you were going to receive this?

Mr. Calero. Extremely happy, yes, sir.

Mr. Rodino. And you didn't inquire about the source yourself?

Mr. Calero. No, sir. I mean, I was happy over receiving the money, was not really much concerned as to the source of it.

Mr. Rodino. You mentioned the fact that you provided Colonel North with some $90,000 worth of traveler's checks, is that correct?

Mr. Calero. Yes, sir.

Mr. Rodino. And you said that additionally, that he discussed the need to get some money for hostages as you said?

Mr. Calero. Yes.

Mr. Rodino. I think you provided him, I think your statement was, about $25,000?

Mr. Calero. Yes. I believe that was the first installment.

Mr. Rodino. What about the other installments? What about the other $65,000? Had he come to you asking for more money?

Mr. Calero. They were given in subsequent meetings and he told me that there was more needed.

Mr. Rodino. Not for hostages?

Mr. CALERO. Well, for the—I understood to be for the same purpose, or I do not remember exactly if he repeated every time that it was for that, but that was my understanding.

Mr. RODINO. And he never specified what the amount of money that he was looking for was needed for?

Mr. CALERO. He never specified—please phrase that again.

Mr. RODINO. Did he specify—didn't indicate why he needed the money specifically? I mean, $25,000 is not a big sum of money, but to you, especially considering the amount of money that you needed because you were carrying on activity which is important to you and every dollar counted, I assume——

Mr. CALERO. But at that time we were comfortable, well off in funds, and I said, I remember saying to him that Nicaraguan hostages and American hostages were one and the same.

Mr. RODINO. I know that was the first time, Mr. Calero.

Mr. CALERO. Yes.

Mr. RODINO. But the subsequent amount, the subsequent times that he came for money, which is the balance of the $90,000, because my understanding is, unless I am mistaken, you said $25,000 at first when he discussed the hostages, but in all you computed that it was about $90,000 that you furnished him.

Mr. CALERO. Yes, sir.

Mr. RODINO. Now, when specifically did he come back for that money?

Mr. CALERO. Well, it was between March and June, I believe—March and July, March and June. At a time when we still had resources available.

Mr. RODINO. And he never told you what the money was for except that he needed a certain amount of money, is that correct?

Mr. CALERO. No, I mean it was for the hostages, efforts, and I—then I discussed with him the possibility of my turning over money to some other resistance people and then we concluded that it was not politically sound to do it. And at a later meeting he told me that—forget about that, it is going to be taken care of in another way.

So then I suspect that I presumed that that would be——

Mr. RODINO. I don't mean to be insistent, Mr. Calero, but I am a little confused. You talk about the hostages. Was it all for hostages?

Mr. CALERO. What I am saying is it was for hostages, and then I am opening up the possibility, on account of discussions with him, that it was also intended for other members of the resistance that would not appreciate a dependency on my organization, and that is what I said.

Mr. RODINO. Thank you very much.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

There has been a lot of discussion over a period of time about the role of the CIA. Obviously when we have been able to aid you legally, the CIA has been involved, and they have been an instrument to assist and carry out American policy, both before the Boland Amendment and most recently since the Boland Amendment has been removed.

But there has been an implication, through questioning today, that somehow the FDN and the resistance movement in general and the Nicaraguan Resistance has been a puppet of the CIA.

I have heard before many times some of my colleagues implying that, in fact, the whole creation of the resistance movement was a creation of our government and the CIA.

You have responded intermittently today to that, but I don't think anybody has asked you that question. I wanted to.

Was the resistance force, the FDN, a creation of the CIA?

Mr. CALERO. People don't die as puppets. People die for a cause, for something they believe in, and that is why our people are fighting and dying.

The Nicaraguan Resistance grew out of the Sandinista repression. The Sandinistas continued their war after the overthrow of Somoza against what they called the bourgeoisie, against all those people that had guts to stand up to their repression and to their demands, who wouldn't budge.

And the first fighters of the Nicaraguan Resistance were constituted by a group of former Sandinista—former Nicaraguan but former fighters of the Sandinistas headed by Pedro Joaquin Gonzalez, and it constituted 60 of those men. Many of them have died already. Some are still alive and commanding troops of ours. And then also some national guardsmen went in, then they both combined forces and began to attract thousands of Nicaraguan patriots who many of them probably haven't even heard of the CIA, and———

Mr. MCCOLLUM. The CIA didn't start all of this—is that what you are telling us—by any stretch of the imagination?

Mr. CALERO. By any stretch of imagination, no. We have received help, support, from the U.S. Government, and it is the U.S. Government that chooses the agency through which that aid comes.

Mr. MCCOLLUM. You don't take orders from the CIA?

Mr. CALERO. No, sir. No, sir.

Mr. MCCOLLUM. Let me ask you another question, talking about the FDN just for a minute, which is the force that you represent and the primary force in the northern region, as I understand it.

Roughly how many troops or people are there in the army that you have, your resistance forces, today?

Mr. CALERO. At the present time?

Mr. MCCOLLUM. At the present time.

Mr. CALERO. The resistance forces have all united recently and we are in the process of forming one national Nicaraguan army, and all told at the present time there could be over 14,000 fighters in the heart of the country and some 4,000 in secluded areas, in border areas.

Mr. MCCOLLUM. We are not talking about the leadership now, but just talking about all these fighters out there that are fighting for the resistance. Can you describe for us what they are like?

I mean, where do they come from, are they wealthy people, are they former Somoza national guardsmen? Who are they?

Mr. CALERO. Well, there is—of this 18,000 people, less than one percent ever belonged to the national guard.

The median age is about 18- 19-years old. That means they were 12 and 11 during the Somoza dictatorship.

They are peasants. They are small landowners. And they are professional people, too. We have our own doctors who are young Nicaraguans, who have graduated in Mexico and different places. We have doctors working for us that have a license to practice in the United States but they would rather go and serve.

Mr. McCollum. But the bulk of the fighting forces are what we call campasinos or peasants, young people?

Mr. Calero. The bulk is campasinos, yes.

Mr. McCollum. Of those young people that we are talking about and the campasinos, the fighting force, haven't a number of them been injured by mines, as I have read about somewhere in the newspapers?

Mr. Calero. We had two Americans come down recently and they made most for—61 prostheses for young Nicaraguans who had lost their limbs.

Mr. McCollum. Do you need more of these artificial limbs?

Mr. Calero. We need a great deal more, yes.

Mr. McCollum. Where would somebody send a donation of artificial limbs? Have you got some place they could help you with that?

Mr. Calero. Yes. There is an American in Washington State, in Seattle, Washington, by the name of Chuck Livert, who has done this similar type of work for the Salvadorans, and who is doing now something for us.

Also an association in New Orleans headed by Dr. Alton Oxner, who is doing the same thing, but——

Mr. McCollum. My time is virtually up, but I want to ask one last thing about the organization itself. Can you give us an idea, for example, of the leadership, for example, a lot of people think the Somozan guardsmen are all the leaders.

I know Enrique Bermudez has had that background. A, it seems to me I met somebody who was a former president of the University of Central America from Managua who had been part of the resistance inside the Sandinistas at one time; is that correct?

Mr. Calero. That is correct, sir, and we come from all walks of life, professionals, some were anti-Somoza, the immense majority were anti-Somoza, the leadership. But there were some that were professional soldiers like Enrique Bermudez.

But Somoza used to call everybody who opposed him a Communist and the Sandinistas call anyone who opposes them Somosistas. It is just a derogatory term, that is all.

Mr. McCollum. Thank you very much.

Thank you, Mr. Chairman.

Chairman Hamilton. Mr. Boland.

Mr. Boland. Mr. Calero, when did you begin providing Colonel North with written reports on the quantities of the arms you were purchasing and at what price?

Mr. Calero. I gave him a couple or a couple of reports, I guess, written, one of them I remember very clearly which is part of this exhibit and then once in a while I would send him an inventory of what we had, so he would keep abreast of what was going on on what we had.

Mr. Boland. So you were apparently providing some of these written reports sometime during late 1984 and perhaps through 1985?

Mr. **Calero**. Yes, yes, sir, yes, sir.

Mr. **Boland**. And at whose direction were these reports prepared?

Mr. **Calero**. These were papers, the one that I gave him that is here I wrote myself and then there were other papers, inventories that I would be supplied with, I would take a photo copy of and I would send to him.

Mr. **Boland**. Well, were you instructed to make these reports by a particular individual?

Mr. **Calero**. No, sir.

Mr. **Boland**. You were not.

Mr. **Calero**. I thought that it was—I used to give—to keep Colonel North abreast of what was going on and I had no reservation as to which information I would give him.

Mr. **Boland**. And whether or not General Secord assisted in any way in preparation of those reports, General Secord?

Mr. **Calero**. Not in the one that I wrote and not in the inventories that I supplied, so I do not think that I received any help from General Secord.

Mr. **Boland**. Were you able to negotiate on the price of arms with General Secord or did he merely tell you what you owed for the quantities that you wanted?

Mr. **Calero**. He did the negotiation, and to my knowledge he was given the best price available and, as I said before, I remember buying from the Far East .762 ammunition, that is NATO-type ammunition, for $75 a thousand, and I knew that to be a tremendous price because I had seen invoice prices of materials supplied to us by the U.S. Government before and that same ammunition had been priced at about 16 cents a piece.

So I feel those were good prices—I mean, half of what we had been paying.

Mr. **Boland**. So, in effect, you were able to negotiate with General Secord on the price of whatever you were purchasing?

Mr. **Calero**. I would say yes, I mean——

Mr. **Boland**. Did you negotiate on the price with McCoy and Martin and with General Singlaub?

Mr. **Calero**. Yes, I negotiated these purchases and the prices that General Singlaub—by the time I bought from General Singlaub I was very much acquainted with the price of weapons and ammunition because I would get offers from all over, from people who wanted to sell to us.

Mr. **Boland**. In any event, you were able to negotiate with him if you didn't like the price? If you did not like the prices, you could negotiate?

Mr. **Calero**. Oh, yes, in that sense, I was not forced or obliged by anyone to buy form anyone in particular.

Mr. **Boland**. All right. You testified that you had knowledge of the fundraising operations run by Spitz Channell and Richard Miller. Did you know what inducements both Channell and Miller made to get donors to make contributions?

Mr. **Calero**. What?

Mr. **Boland**. Did they offer any inducement to them?

Mr. **Calero**. Amusement?

Mr. **Boland**. No. Inducements.

Mr. **Calero**. Inducements.

Mr. **Boland**. Did they introduce you to particular people who would show you around this town or that sort of thing?

Mr. **Calero**. I don't know about that. All I did for that endeavor was to address these gatherings of a dozen or 15 or 20 potential donors and tell them of what we were doing, tell them of our needs, and make what you call a sales pitch for them.

Mr. **Boland**. Who asked you to make the sales pitch?

Mr. **Calero**. Mr. Channell or Mr. Miller.

Mr. **Boland**. And did Channell or Miller tell you what U.S. Government personnel were assisting in their fundraising efforts?

Mr. **Calero**. No, but I knew that Colonel North would give briefings to these people, and I was present at a briefing Colonel North gave to a number of House members in one of the House buildings?

Mr. **Boland**. Thank you, Mr. Calero.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. DeWine.

Mr. **DeWine**. Thank you very much, Mr. Chairman.

Mr. Calero, first let me thank you for your testimony today. I found it to be very candid and very open.

One of the principal criticisms that I hear about the Democratic Resistance forces is that you have really not been able to articulate a vision of the future for the people of Nicaragua; what life would be like if you were in power.

You know in any guerrilla movement it is not only the military victories, but it is the support of the people.

I wonder if you could comment on that for me and tell me what really is your vision of the future for Nicaragua if you were able to take power.

Mr. **Calero**. We have signed—the last document we signed we call the Charter of Democratic Commitment, and it generally outlines what we want for Nicaragua is freedom, is a democratic form of government, separation of powers, a very limited armed force to keep order.

We don't need to have a great army. Expenditures in health and education, and we want to turn to the agricultural, to the rural areas of Nicaragua and develop the agriculture in Nicaragua, because we are an agricultural country.

Most of our people live in rural areas. We have to bring education, we have to bring health, but most of all, what we have to give to Nicaraguans is freedom, the right to elect, free and honest elections, the people that they want to be led by.

We have to bring honesty, we have to bring to Nicaragua the opportunity of progress for our people, and most of all, to live in peace, because only through democracy can there be peace in Nicaragua.

Mr. **DeWine**. You were put in jail by Somoza, you have experienced life both under the Sandinistas and Somoza. I wonder if you could share with us your feeling as far as whether or not there is more oppression today in Nicaragua or less oppression, what is the situation with regard to freedom of the press, freedom of religion, the availability of food for the people—how do those compare?

Is life better today? You know, a lot of people say maybe the Sandinistas aren't so great, maybe they don't do everything right, but life is better for the people there.

Mr. **Calero**. That is an absolute falsehood. If there was poverty under Somoza, there is misery today. If there was lack of freedom under Somoza, there is repression today.

Mr. **DeWine**. Freedom of press——

Mr. **Calero**. Freedoms, no, in every sense of the word. Really, the bad that Somoza had has been multiplied many, many times by what has happened, what is happening today in Nicaragua. During the Somoza time, it made the papers if someone was exiled.

Now, when close to 500,000 Nicaraguans have become refugees in neighboring countries, including the United States, that never happened before. There was no comparison, although the Somoza dictatorship, I wouldn't justify the Somoza dictatorship because this one is worse.

Mr. **DeWine**. Let me switch to one other area. I know you have testified several times today about your meeting with the President of the United States. I have several specific questions. I hope you'll bear with me and go through this because I want to clarify this and make sure there is no misunderstanding.

Did the President of the United States ever tell you that he would instruct the people that were working for him to find loopholes in the Boland Amendment?

Mr. **Calero**. No, sir.

Mr. **DeWine**. Did the President ever say to you that he was instructing the CIA to continue to give the Freedom Fighters assistance, notwithstanding the Boland Amendment?

Mr. **Calero**. Absolutely not.

Mr. **DeWine**. Did the President ever have a discussion with you where he told you that he had contacted a Head of State of another country to provide aid for the Nicaraguan Freedom Fighters?

Mr. **Calero**. No, sir.

Mr. **DeWine**. Did the President ever tell you he was aware of the diversion of funds from the sale of arms to Iran to the Freedom Fighters?

Mr. **Calero**. No, sir. Absolutely not.

Mr. **DeWine**. Thank you very much.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Jenkins?

Mr. **Jenkins**. Thank you, Mr. Chairman. I just have two or three short questions.

I want to go back to the $90,000 for a moment in traveler's checks. Why didn't you just give the $90,000 at one time, since you had plenty of money at that particular time?

Mr. **Calero**. Because it was not requested of me. I only gave what was requested, and I believe what was requested the first time was maybe $15,000 or $25,000.

Mr. **Jenkins**. And so on several subsequent visits, Colonel North would ask for another $10,000 or another $20,000?

Mr. **Calero**. Yes, sir.

Mr. **Jenkins**. And you continued to supply him with traveler's checks?

Mr. **Calero**. Yes, from March to about June or so, July.

Mr. **Jenkins**. Did he ever return any unused traveler's checks to you?

Mr. **Calero**. No, sir. No, sir.

Mr. **Jenkins**. You indicated that as far as you know, and the evidence tends to indicate that, none of the Iran money was ever used, as far as your operation was concerned?

Mr. **Calero**. Yes, sir.

Mr. **Jenkins**. Are you aware whether or not any of it was used in the southern front or with any other Contra leaders?

Mr. **Calero**. No, sir. How I identified, or that I thought that could have come from the Iran money was the air supply operation.

Mr. **Jenkins**. As soon as Mr. Secord came into the operation, he told you that he was helping raise some $15 or $20 million from foreign sources.

Mr. **Calero**. Yes, sir, he said that.

Mr. **Jenkins**. And at that time, he also indicated that he would be able to supply all of your arms needs?

Mr. **Calero**. No. We weren't told that, no. Arms needs?

Mr. **Jenkins**. As far as purchases. He encouraged you to purchase from him, didn't he?

Mr. **Calero**. Right at the beginning in 1984, yes, that he could help us in the supplying us with weapons and ammunition, yes.

Mr. **Jenkins**. And you made all of your purchases through him, except those through General Singlaub?

Mr. **Calero**. And some that I had made previous from Gretch World, yes.

Mr. **Jenkins**. And as soon as you made the purchase from General Singlaub, Colonel North and Mr. Secord did not go through your operation anymore, but handled the situation directly, didn't they, as far as purchases?

Mr. **Calero**. Well, yes. There was talk about that—it was coincidental, but actually we didn't have any more money to purchase any more weapons, and then the only money we got was from Intel Co-Operation, and which was not enough to buy weapons, and we had other necessities that we had to fill.

Mr. **Jenkins**. If, after that time, after the General Singlaub purchase, if Mr. Secord purchased $10 to $20 million worth of supplies and weapons, did you see any of them?

Mr. **Calero**. No, sir.

Mr. **Jenkins**. Do you know of any other forces or other Contra leaders that might have received arms from General Secord after that General Singlaub purchase?

Mr. **Calero**. There has been talk of the Southern Front receiving some things, but we were given things for the Southern Front, and I was not aware of what was in a warehouse in a place that I did not visit, but my understanding was that what was being supplied was from our stock, but I have no way of knowing if there was additional stock.

Mr. **Jenkins**. During any of this time, did Mr. Secord indicate to you that he was going to give up his profit on these arms and share the profits with the Contras?

Mr. **Calero**. No. My understanding, right from the beginning, was that he was not making a profit. That is the way I took it to be. And it was in his hearing that I heard about the 20-percent markup, and that he said that he hadn't taken any profit.

Mr. JENKINS. Did you ever meet Mr. Hakim?

Mr. CALERO. No, sir.

Mr. JENKINS. You don't know anything about him?

Mr. CALERO. No, sir.

Mr. JENKINS. No one has contacted you, either Mr. Secord nor anybody else, about giving you $6 or $8 million since these hearings started, have they?

Mr. CALERO. I have heard of the intention, and we are ready for it.

Mr. JENKINS. Thank you.

Chairman HAMILTON. Mr. Calero, just one question from me.

Can you assure us that none of this money directly or indirectly came to your personal benefit?

Mr. CALERO. Yes, sir.

Chairman HAMILTON. None of it did come to your benefit?

Mr. CALERO. None of it came to my benefit.

Chairman HAMILTON. We have appreciated very much your testimony, Mr. Calero. Thank you, Mr. Chairman.

Chairman INOUYE. Mr. Calero, on behalf of the joint committee, I thank you for joining us today and subjecting yourself to this intensive questioning. You have been of great help to all of us.

Tomorrow morning at 10:00, the joint committee will meet to receive testimony from a panel of three witnesses, Mrs. Garwood, Mr. O'Boyle and Mr. Coors; and at 2 p.m. in the afternoon, we will resume our questioning of General Singlaub.

I would like to remind the members of the Senate Select Committee that we will meet immediately after this session.

Mr. CALERO. Could I read something before I leave, sir? No, it is not a poem. It is more than a poem. This is excerpts of a letter, and it says,

> "After 40 years of fighting one of the world's great superpowers, our only victory has been to escape total defeat.
>
> "Even if the rest of the world continues to ignore our cause, we will fight on, for we are fighting not only for ourselves, but for all mankind. We are fighting for freedom and human dignity, and the right to worship the god of our choice.
>
> "I urge you to tell the world of our plight and send whatever help you can. God bless you for caring enough to read my letter."

It is signed George Washington, Valley Forge, September 1779. Thank you.

Chairman INOUYE. Thank you very much.

The committee may wish to resume your testimony at a later date, so will you make yourself available at that time?

Mr. CALERO. Yes, sir.

Chairman INOUYE. Thank you.

The committee stands in recess.

[Whereupon, at 6:08 p.m., the Select Committees recessed, to reconvene at 10:00 a.m., Thursday, May 21, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Ellen C. Garwood, William B. O'Boyle, and Joseph Coors and Continued Testimony of John K. Singlaub

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THURSDAY, MAY 21, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 10:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Mr. RUDMAN (presiding). The joint committee will be in order.

Chairman Inouye is detained on the floor of the Senate. We expect he will be here momentarily. The Senate will have a number of votes throughout the day.

Before we start the proceedings, I believe Senator Trible indicated to me he had a question for House Counsel.

Senator Trible?

Mr. TRIBLE. Mr. Vice Chairman, I understand in the press that General Secord may have filed an appeal with the Swiss Supreme Court to block the release of bank records yesterday.

Is that correct?

Mr. RUDMAN. Mr. Nields, I believe the question was directed to you.

Mr. NIELDS. I have heard the same thing you have and I cannot verify it. I have not yet spoken to Mr. Secord's counsel to ask him one way or the other, but I will do so at the noon hour.

Mr. TRIBLE. Mr. Vice Chairman, if I may say briefly, I believe the proceedings—the record of this proceeding should reflect that according to the press, yesterday General Secord filed a last-minute appeal with the Swiss Supreme Court to block the release of bank records essential to the task of the special counsel and to these committees.

The general's actions will inevitably frustrate and delay the pursuit for truth and are totally inconsistent with his words of cooperation in good faith.

Unless and until we gain access to those Swiss bank records, we will be unable to determine precisely what happened to those massive amounts of money accumulated in Swiss accounts by General Secord, Mr. Hakim, and Mr. Ghorbanifar.

I would note for the record that according to public press accounts, all three have now taken legal action to block our access to those vital records.

Thank you.

Mr. RUDMAN. Thank you, Senator Trible.

Good morning, Mrs. Garwood, Mr. O'Boyle, and Mr. Coors.

Would counsel or various counsel please introduce themselves for the record.

Mr. ROBERTS. Richard Roberts, member of the bar of the District of Columbia with the firm Hamel and Park.

Mr. OSBORNE. My name is Duncan Osborne. I'm from Austin, Texas.

Ms. SCHWARTZ. Deborah Schwartz from New York City.

Mr. RUDMAN. If the witnesses will please stand, I will administer the oath.

[Witnesses sworn.]

TESTIMONY OF ELLEN C. GARWOOD, ACCOMPANIED BY DUNCAN OSBORNE, ESQ., AUSTIN, TX

Mr. RUDMAN. Mr. Fryman of the House Committee staff is going to conduct the initial questioning of Mrs. Garwood and Mr. O'Boyle, and then Mr. Kaplan of the Senate Committee will initially question Mr. Coors.

It is our understanding that Mrs. Garwood would like the privilege of delivering a short opening statement.

Is that correct, Mrs. Garwood?

Mrs. GARWOOD. That is correct.

Mr. RUDMAN. If you pull that microphone up, you may proceed.

Mrs. GARWOOD. Mr. Chairman and members of the committee, as has been noted in the press, I have given substantial sums for the purpose of assisting the freedom-seeking people of Nicaragua. They are trying to achieve a non-Communist alternative in Central America. This in itself is important, and it is of vital importance to the United States of America.

This is the third time I have appeared in Washington, D.C., on the subject of aid to the freedom-seeking people of Nicaragua. The first time I came to answer inquiries by the special prosecutor. The next time I appeared before the lawyers of your Select Investigating Committees. Today I am also here to answer any questions you may have for me.

Thank you.

[The prepared statement of Ellen C. Garwood appears in appendix C.]

Mr. RUDMAN. Thank you very much.

Does anyone else have any statement to make amongst the witnesses?

If not, we will proceed to questioning.

Mr. Fryman?

Mr. **FRYMAN**. Mrs. Garwood, would you state your full name for the record, please?

Mrs. **GARWOOD**. My name is Ellen Garwood, Mrs. St. John Garwood.

Mr. **FRYMAN**. In what city do you reside, Mrs. Garwood?

Mrs. **GARWOOD**. Austin, Texas.

Mr. **FRYMAN**. Are you an author, Mrs. Garwood?

Mrs. **GARWOOD**. Yes.

Mr. **FRYMAN**. What books have you written?

Mrs. **GARWOOD**. I have written, "Will Clayton, a Short Biography," a novel, "Come to me Megan," and another biography, "The Undying Flame, Mariano Moreno of Buenos Aires."

Mr. **FRYMAN**. Are you a widow, Mrs. Garwood?

Mrs. **GARWOOD**. Yes.

Mr. **FRYMAN**. Was your husband in public service?

Mrs. **GARWOOD**. Yes, he was.

Mr. **FRYMAN**. What positions did he hold?

Mrs. **GARWOOD**. He was Associate Justice of the Supreme Court of Texas.

Mr. **FRYMAN**. Was your father also in public service?

Mrs. **GARWOOD**. Yes, sir.

Mr. **FRYMAN**. What was his name?

Mrs. **GARWOOD**. His name was Will Clayton. He was Under Secretary of State for Economic Affairs in the Truman administration from 1945 to 1947.

Mr. **FRYMAN**. Was he involved in the implementation of the Marshall Plan, Mrs. Garwood?

Mrs. **GARWOOD**. He was the originator and instigator of the plan.

Mr. **FRYMAN**. Mrs. Garwood, do you know a gentleman named Carl Channell?

Mrs. **GARWOOD**. Yes, sir.

Mr. **FRYMAN**. When did you first meet Mr. Channell?

Mrs. **GARWOOD**. I met him first in connection with the National Conservative Political Action Committee, of which Terry Dolan was the head and Carl Channell was an assistant, and this was, I think, around 1980.

Mr. **FRYMAN**. Subsequent to that did Mr. Channell form an organization of his own?

Mrs. **GARWOOD**. Yes, sir.

Mr. **FRYMAN**. What was the name of that organization?

Mrs. **GARWOOD**. He had several organizations, and one of them was the American Conservative Trust. I think this was the first. Then he had one called the National Endowment for the Preservation of Liberty. He had another one called, American Anti-Terrorism Committee, and Sentinel.

Mr. **FRYMAN**. Mrs. Garwood, do you also know a Colonel Oliver North?

Mrs. **GARWOOD**. Yes, sir.

Mr. **FRYMAN**. When did you first meet Mr. North?

Mrs. **GARWOOD**. I first met Colonel North in May of 1984.

Mr. **FRYMAN**. And what were the circumstances of that meeting?

Mrs. **GARWOOD**. That was a meeting of the Council for National Policy being held in, I forget the name of the place—Virginia. It is where we have the Colonel Restoration, Williamsburg.

Mr. Fryman. Was that Williamsburg?

Mrs. Garwood. Yes, Williamsburg, VA.

Mr. Fryman. Now, Mrs. Garwood in April of 1986, or prior to April of 1986, had you made various contributions to Mr. Channell's organization, the National Endowment for the Preservation of Liberty?

Mrs. Garwood. Prior to April, yes, sir.

Mr. Fryman. You had made a number of contributions?

Mrs. Garwood. Yes, I had.

Mr. Fryman. Is that organization also called N E P L or NEPL?

Mrs. Garwood. Yes, sir.

Mr. Fryman. In April of 1986, did you have an occasion to be in Washington, DC?

Mrs. Garwood. Yes, sir, I did.

Mr. Fryman. What is the reason that you came to Washington, DC?

Mrs. Garwood. This was for another meeting of the contributors to Mr. Channell's organization, and it was also—also I understood that I might to be able to see the President, that they had made an appointment with me to see the President.

Mr. Fryman. And did Mr. Channell make the arrangements for you to come to Washington?

Mrs. Garwood. Yes, he did.

Mr. Fryman. Did you see the President during that visit?

Mrs. Garwood. Yes, I did.

Mr. Fryman. All right.

What did Mr. Channell tell you in advance of your coming to Washington?

Mrs. Garwood. He told me also that I would probably be asked, or I would be asked for a great deal more, a great, much larger donation than I had been asked for before for the National Endowment for Preservation of Liberty.

Mr. Fryman. Did he indicate that you would be meeting with anyone else in Washington apart from himself and the President?

Mrs. Garwood. Well, I think it was understood that it would probably be Colonel North.

Mr. Fryman. Now, did you meet with Colonel North after you arrived in Washington?

Mrs. Garwood. Yes, sir.

Mr. Fryman. Where did you meet with him?

Mrs. Garwood. I met with him at the Hay-Adams Hotel in the evening after dinner.

Mr. Fryman. And who else was present?

Mrs. Garwood. Mr. Channell.

Mr. Fryman. Where was that meeting at the Hay-Adams?

Mrs. Garwood. It was in a sort of corner of a little room adjoining the cocktail room.

Mr. Fryman. Now, when the three of you went into that room, what do you recall that Mr. Channel said and Colonel North said?

Mrs. Garwood. Mr. Channell said that there was a crisis in the situation of the Freedom Fighting forces in Nicaragua, and then Colonel North appeared and described this crisis.

Mr. Fryman. Now, was there any discussion of any particular needs of the Resistance forces in Nicaragua?

Mrs. Garwood. He said that they were in such a bad condition that they were out of food, they were out of clothes and medicine, other necessities, and also out—practically out of weapons.

Mr. Fryman. What was said in that meeting between Mr. Channell and Colonel North about weapons?

Mrs. Garwood. Colonel North had said also that they might cease to exist if something weren't done about these various needs. And then Mr. Channell and Colonel North spoke in low tones to each other and after they had finished, Mr. Channell produced a list of weapons that they needed.

Mr. Fryman. Could you tell that Mr. Channell and Colonel North were discussing weapons in this lowered voice?

Mrs. Garwood. It only seemed that they were, after this list appeared.

Mr. Fryman. And did Mr. Channell give you this list?

Mrs. Garwood. Yes, he did.

Mr. Fryman. And could you describe the list? What sort of information was on it?

Mrs. Garwood. The list had different categories of weapons, had handgrenades, I remember, and bullets, cartridge belts, possibly surface-to-air missiles, and there were quantities opposite each category, and after that there was a sum of money that was needed in order to provide those weapons that those weapons would cost.

Mr. Fryman. Was there an amount of money for each type of weapon?

Mrs. Garwood. Yes, sir.

Mr. Fryman. Was there also a total amount?

Mrs. Garwood. I think there was a total amount, yes.

Mr. Fryman. What was the approximate total amount?

Mrs. Garwood. The approximate total amount was over a million dollars. I am not sure just exactly what it was, over—probably a million and a half, something like that.

Mr. Fryman. Did Colonel North in this meeting ask you to make a contribution for weapons?

Mrs. Garwood. After—no, Colonel North did not.

Mr. Fryman. Did Mr. Channell ask you to make a contribution?

Mrs. Garwood. Mr. Channell did after Colonel North left.

Mr. Fryman. What did he say?

Mrs. Garwood. He said,

> This is the list of things needed, and can you do something about it? Can you help provide for this and some of the other needs Colonel North had described." And I said, "It is a tremendous amount of money. I don't know whether I can afford to do it, whether I am able to or not. I will have to consult my banker back in Austin."

Mr. Fryman. Did you then return to Austin, TX?

Mrs. Garwood. Yes, sir.

Mr. Fryman. What did you do with the list?

Mrs. Garwood. I returned on Sunday afternoon and on Monday morning I took the list to Mrs. Ann Glanz, who is the manager of my trust account at the InterFirst Bank in Austin and showed her the list and asked her if it is possible for me to supply the funds needed for that.

Mr. Fryman. What was her response?

Mrs. Garwood. She said I think you can, but I think we will have to sell some stock. We certainly don't have the cash.

Mr. **Fryman**. Do you know what Mrs. Glanz did with the list?

Mrs. **Garwood**. Mrs. Glanz, I asked her afterwards for the list about 2 or 3 days afterwards, because I left all of the arrangement of the transfer of the stocks and so forth to Mr. Channell. I left all this to her. As you know, my husband was ill, and I wanted Mrs. Glanz to take care of all this.

Two or 3 days later I asked her for the list, and she said she had given it to my lawyer, to Mr. Osborne, who is here.

Mr. **Fryman**. Have you asked Mr. Osborne about the list?

Mrs. **Garwood**. Yes, sir. I immediately called him to get it, and he said that his memory was that he had given it back to Mrs. Glanz.

Mr. **Fryman**. Mr. Osborne recalled seeing the list, but he did not have the list; is that correct?

Mrs. **Garwood**. That is right.

Mr. **Fryman**. Mrs. Glanz recalled seeing the list, is that correct?

Mrs. **Garwood**. Yes, sir.

Mr. **Fryman**. Has she been able to locate the list?

Mrs. **Garwood**. She has not been able. She has looked—I have looked and Mr. Osborne has looked. It was a very small piece of paper and easily lost.

Mr. **Fryman**. Following the presentation of this list to you by Mr. Channell, did you make a contribution to NEPL in response to Mr. Channell's request?

Mrs. **Garwood**. Yes, sir.

Mr. **Fryman**. Were those contributions in April and May of 1986?

Mrs. **Garwood**. As I remember, they were.

Mr. **Fryman**. And were they a combination of wire transfers of cash and contributions of stock?

Mrs. **Garwood**. That is right. That is correct.

Mr. **Fryman**. Mrs. Garwood, would you look at the exhibit book, and particularly exhibit ECG-1. Is that a letter that you sent to Mr. Channell notifying him that you had made a wire transfer of $470,000 on or about April 15, 1986?

Mrs. **Garwood**. Yes, sir.

Mr. **Fryman**. And that also notifies Mr. Channell of the transfer of various shares of stock, does it not?

Mrs. **Garwood**. That is right.

Mr. **Fryman**. Would you look at exhibit ECG-2? Is that an acknowledgment that NEPL sent to your lawyer stating that the value of the wire transfer and the stock contribution was $1,633,506?

Mrs. **Garwood**. That is correct, sir.

Mr. **Fryman**. Would you look at exhibit ECG-3? Is that a letter that you sent to Mr. Channell on May 19 notifying him of a further wire transfer of $350,000?

Mrs. **Garwood**. Yes, sir.

Mr. **Fryman**. Now, do those documents reflect the contributions that you made to Mr. Channell's organization in response to his request for a contribution for the items on the list that he gave to you?

Mrs. **Garwood**. That is true.

Mr. **Fryman**. Thank you, Mrs. Garwood.

[Witness previously sworn.]

TESTIMONY OF WILLIAM B. O'BOYLE, ACCOMPANIED BY DEBORAH SCHWARTZ, ESQ., NEW YORK CITY, NY

Mr. **FRYMAN**. I have a few questions for Mr. O'Boyle.

First, Mr. O'Boyle, would you state your full name for the record?

Mr. **O'BOYLE**. My name is William Buchanan O'Boyle.

Mr. **FRYMAN**. In what city do you reside, Mr. O'Boyle?

Mr. **O'BOYLE**. I live in New York City.

Mr. **FRYMAN**. Would you briefly describe your educational background?

Mr. **O'BOYLE**. I have a bachelor's degree from Stanford University, master's degree from Columbia University, and master's degree from New York University.

Mr. **FRYMAN**. Are you a private investor, Mr. O'Boyle?

Mr. **O'BOYLE**. Yes, I am.

Mr. **FRYMAN**. Is there any particular area where your investments are centered?

Mr. **O'BOYLE**. I'm active primarily in the oil and gas business. I own and manage an oil and gas exploration company.

Mr. **FRYMAN**. Mr. O'Boyle, in March of 1986, did you receive a telephone call from a representative of NEPL?

Mr. **O'BOYLE**. Yes, I did.

Mr. **FRYMAN**. Who was this representative?

Mr. **O'BOYLE**. Jane McLaughlin.

Mr. **FRYMAN**. Was this in late March, 1986?

Mr. **O'BOYLE**. Yes.

Mr. **FRYMAN**. What did Ms. McLaughlin say to you in this telephone call?

Mr. **O'BOYLE**. She indicated she had been given my name by an old friend from Texas, and that she wanted to know if I might be interested in coming down to the White House for a briefing on the political and military situation in Nicaragua.

Mr. **FRYMAN**. What was your response?

Mr. **O'BOYLE**. I told her I was interested.

Mr. **FRYMAN**. When did she ask you to come?

Mr. **O'BOYLE**. The next day.

Mr. **FRYMAN**. And did you go?

Mr. **O'BOYLE**. Yes, I did.

Mr. **FRYMAN**. How did you travel to Washington?

Mr. **O'BOYLE**. I came down on the shuttle.

Mr. **FRYMAN**. And you came to National Airport?

Mr. **O'BOYLE**. Yes.

Mr. **FRYMAN**. Did Ms. McLaughlin meet you?

Mr. **O'BOYLE**. Yes, she did.

Mr. **FRYMAN**. How did she travel into Washington?

Mr. **O'BOYLE**. She met me in a limousine and we went back to the Hay-Adams Hotel in a limousine.

Mr. **FRYMAN**. What happened after you arrived at the Hay-Adams?

Mr. **O'BOYLE**. Well, we rendezvoused there with a number of staff members from NEPL and several other people who were possible contributors to NEPL.

Mr. **FRYMAN**. Did you meet Mr. Channell on this occasion?

Mr. O'Boyle. Yes.

Mr. Fryman. Is that the first time you had met him?

Mr. O'Boyle. Yes, it was.

Mr. Fryman. Were there representatives from any other organization at this meeting?

Mr. O'Boyle. Yes. There were representatives from a group called IBC; I think that is International Business Communications.

Mr. Fryman. Now, on this day did you meet a Mr. Richard Miller from IBC?

Mr. O'Boyle. Yes, I did. Later.

Mr. Fryman. Later in that day?

Mr. O'Boyle. Yes.

Mr. Fryman. How long did this initial meeting at the Hay-Adams with Mr. Channell and the others last?

Mr. O'Boyle. About half an hour, as I recall.

Mr. Fryman. And what happened after this meeting?

Mr. O'Boyle. The group went over to the Old Executive Office Building, went through security at the Old Executive Office Building, and we went up to a conference room where we waited for Colonel North to appear.

Mr. Fryman. Approximately how large was the group, Mr. O'Boyle?

Mr. O'Boyle. About 10 people or so, 10 or 12 people, something like that.

Mr. Fryman. And then Colonel North arrived at the conference room?

Mr. O'Boyle. That's right.

Mr. Fryman. And did he speak to the group?

Mr. O'Boyle. Yes, he did.

Mr. Fryman. What did he say?

Mr. O'Boyle. He described the military and political situation in Nicaragua. He had photographs of an airport in Nicaragua that had been recently built. The purpose of the airport was ostensibly commercial, but it was in fact a disguised military airport. One of the uses for which the airport was intended was to recover the Russian Backfire bombers after they made a nuclear attack on the United States.

Another possible use of this airport was to fly a certain kind of mission that was currently being flown out of Cuba, up and down the east coast of the United States. Apparently every day a Russian plane leaves Cuba, as I recall, and goes right up the 12-mile limit, has some kind of large device on the outside of the plane, we don't know what it is exactly, our planes follow right along, come back. This Nicaraguan air base would allow the Russians to fly the same kind of mission up the west coast of the United States.

He showed how the harbors in Nicaragua were being enlarged, how the harbors were filled with Eastern bloc traffic, freighters, and so forth from the various Eastern bloc countries. He described the refugee problem that was happening and we could expect to happen to an even greater degree as the Communists gain a bigger foothold in Central America.

Apparently when the Communists take over a country, 10, 20, 30 percent of the people have to leave the country and these people are beginning to spill over into Honduras and Guatemala and perhaps Mexico, and we could look forward in the next few years to millions of refugees flooding across our borders as this happened.

He indicated how our security services had intercepted the text of a speech which was delivered to the UN by the Nicaraguan representative to the UN, which was complaining about the United States in one respect or another, the point being it is really the Russians managing the diplomacy of the Nicaraguans before the United Nations.

He showed photographs which indicated that the Nicaraguan Government officials were involved in smuggling dope. It showed pictures of them involved in dope transactions, indicating that the military equipment that was being supplied to Nicaragua by the Cubans and other Eastern bloc countries was not merely of a defensive nature, but was the kind of equipment that could be used to expand the Communists' control beyond the Nicaraguan borders.

He also told an anecdote about some Nicaraguan agents that were recently caught with dope and money and so forth and disguised as American agents.

Mr. FRYMAN. Did Colonel North make any requests for any contributions from the persons attending this meeting in the conference room?

Mr. O'BOYLE. No.

Mr. FRYMAN. What happened after the meeting concluded?

Mr. O'BOYLE. We went back to the Hay-Adams Hotel.

Mr. FRYMAN. And was there another reception at the hotel?

Mr. O'BOYLE. Yes, there was.

Mr. FRYMAN. And who attended this reception?

Mr. O'BOYLE. The people who had been at the briefing. And there may have been one or two other people, I believe. Richard Miller at that point was there, and I don't recall seeing him before. There may have been a few other staffers present. I wasn't keeping exact track.

Mr. FRYMAN. Now, at this reception, did you speak with any of the staffers about any subjects that had been covered at the briefing with Colonel North?

Mr. O'BOYLE. Yes, I did. I indicated that I was concerned and upset about what I had heard, and I asked if there was any way that we could supply weapons, military equipment, to the Contras.

Mr. FRYMAN. Do you recall who you made the statement to?

Mr. O'BOYLE. I think it was either to Chris Littledale or Cliff Smith, but that is a vague recollection.

Mr. FRYMAN. It was to an employee of NEPL, you believe?

Mr. O'BOYLE. It was either an NEPL or IBC employee.

Mr. FRYMAN. What was the response of this person after you made this comment?

Mr. O'BOYLE. Well, the context I made it in was that I am a wealthy person; I have financial resources; is there any way that I can help? But I don't know even what we are talking about, how much do weapons cost, can weapons be bought and so forth.

And the response came back, well, yes, it is possible that we might be able to do something. For example, a blowpipe missile costs $20,000, and we started talking about expenses or costs of various types of weapons.

Mr. **Fryman**. Now, had you intended to spend the evening in Washington on that day?

Mr. **O'Boyle**. No.

Mr. **Fryman**. Did you change your mind at some point?

Mr. **O'Boyle**. Yes. I think it was either Ms. McLaughlin or Mr. Channell came up to me at some point after the briefing and said, "Look, why don't you stay for dinner, spend the night. We have made a reservation for you here at the hotel, and it will be a lot easier than trying to get back to New York late at night," and I agreed.

Mr. **Fryman**. And you attended the dinner at the Hay-Adams that evening?

Mr. **O'Boyle**. Yes.

Mr. **Fryman**. Now, did you have any discussion with Mr. Channell that evening?

Mr. **O'Boyle**. Yes. After dinner he came over and indicated that he had heard that I was willing to make an especially large contribution with the idea of possibly supplying weapons or military equipment of some kind to the Contras.

He said that there was a small group of people in the United States that the President relied on to make that kind of contribution, that this was a cause that was very dear to the President's heart, and he thought that perhaps I might be interested in joining this group of people.

Mr. **Fryman**. Did he ask you to attend any further meetings?

Mr. **O'Boyle**. Yes, he asked me to stay or to come to breakfast the next morning with himself and Colonel North.

Mr. **Fryman**. And did you attend such a breakfast?

Mr. **O'Boyle**. Yes, I did.

Mr. **Fryman**. Did you have a meeting with Mr. Channell before Colonel North arrived?

Mr. **O'Boyle**. Yes. It wasn't exactly a meeting. Mr. Channell arrived first, and we rendezvoused there and waited for Colonel North to arrive.

Mr. **Fryman**. What did Mr. Channell say to you in this preliminary encounter?

Mr. **O'Boyle**. Well, either in this preliminary encounter or it may have been the evening before, I don't quite remember the exact point, but he said that if one were to give money up to a certain point, if one were to give approximately $300,000 or more, the President would actually meet with the contributor and thank him personally, spend 15 or so minutes with him on an off-the-record kind of meeting; and thank him for the contribution he was making to the national security.

Mr. **Fryman**. Did he comment again about this small group that he had described the night before that were making contributions for weapons?

Mr. **O'Boyle**. Well, throughout our discussions over the few days we are talking about, he did mention the group several times.

Mr. **Fryman**. Did he indicate that between his first conversation with you and the conversation that morning that there had been any sort of inquiry as to your background and your qualifications for being in this group?

Mr. **O'Boyle**. Yes. He indicated the next morning that he had checked me out overnight. I assume that he meant that he had access to some kind of national security computer service that checked me out.

Mr. **Fryman**. Did he also comment about records of your stay at the Hay-Adams Hotel?

Mr. **O'Boyle**. Yes, he did. He indicated that there would be no record of my stay there.

Mr. **Fryman**. Did he comment about the record of any meeting of the sort that he described with President Reagan?

Mr. **O'Boyle**. Yes. As I recall, he indicated that those meetings were unrecorded, off-the-record meetings.

Mr. **Fryman**. Now, did Colonel North arrive at some point and join you at the Hay-Adams that morning?

Mr. **O'Boyle**. Yes, he did.

Mr. **Fryman**. And did the three of you have breakfast together?

Mr. **O'Boyle**. Yes, we did.

Mr. **Fryman**. What did Mr. Channell say after Colonel North arrived?

Mr. **O'Boyle**. Well, he introduced me as someone who was willing to provide money for weapons. I don't recall his exact words, but that was, in effect, what he said.

Mr. **Fryman**. What did Colonel North say in response to this?

Mr. **O'Boyle**. Well, Colonel North made the point that he could not ask for money himself as a government employee, but that he could provide information and he did that. He began to explain the type of weapons which were needed.

Mr. **Fryman**. Did he have any sort of paper with him as he was describing these types of weapons?

Mr. **O'Boyle**. As I recall, he had a small notebook which he referred to.

Mr. **Fryman**. What types of weapons did he indicate were needed?

Mr. **O'Boyle**. Well, he talked about blowpipe missiles, which were $20,000 a piece, but which had to be purchased in packs of 10. These were necessary to counteract the HIND helicopter gunships which the Russians had been supplying to the Sandinistas and were wreaking havoc upon the Contras.

We also talked about Stinger missiles. He described the ammunition needs, referred to a type of NATO ammunition. He referred to a type of Eastern bloc ammunition that was being used by the Contras that they needed.

He gave the prices for those. He also described a certain kind of aircraft that was needed.

Mr. **Fryman**. What type of aircraft was that?

Mr. **O'Boyle**. It was a Maule aircraft.

Mr. **Fryman**. Is that a brand of aircraft?

Mr. **O'Boyle**. Yes. Maule is a manufacturer of the aircraft.

Mr. **Fryman**. That is spelled M-a-u-l-e?

Mr. **O'Boyle**. Yes.

Mr. **Fryman**. What did he indicate was the need for the Maule aircraft?

Mr. **O'Boyle**. Well, apparently these Maule aircraft were used to supply—for two reasons. One was to fly supply missions which would deliver supplies to the Contras. These are light aircraft, easily repaired, relatively easy to fly.

They can carry a heavy load so they can—and short takeoff and landing so they can dump supplies out to the Contras; and also, they had apparently some kind of very sophisticated surveillance and communications gear on board and as they flew up and down the borders or wherever they flew, they could report back to Washington what was going on.

Mr. **Fryman**. And he identified the Maule aircraft as one of the types of weapons that were needed by the Contras; is that correct?

Mr. **O'Boyle**. Well, I don't want to quibble with you about the word "weapons," but it was on the list. It was on that list.

Mr. **Fryman**. It was one of the items that was given to you in response to Mr. Channell's comment that you wanted to make a contribution for weapons?

Mr. **O'Boyle**. That is right.

Mr. **Fryman**. Was there a price identified for these planes?

Mr. **O'Boyle**. Yes, they were quoted at $65,000 each. Apparently, that was a reduced price.

Mr. **Fryman**. Now you say while Colonel North was there, he stated that he could not himself ask for a contribution.

Mr. **O'Boyle**. That is right.

Mr. **Fryman**. What happened after he left?

Mr. **O'Boyle**. Well, Mr. Channell and I talked a bit more, pretty much about what we had been talking about all along. I indicated that I would be willing to think this over, and I would get back to Mr. Channell if I decided I wanted to contribute.

Mr. **Fryman**. In the breakfast meeting with Colonel North, was there any further discussion about a meeting with President Reagan with contributors?

Mr. **O'Boyle**. Not as far as I recall, no.

Mr. **Fryman**. What decision did you make about making a contribution?

Mr. **O'Boyle**. I decided that I would make a contribution.

Mr. **Fryman**. And what amount did you decide to contribute?

Mr. **O'Boyle**. I decided to contribute $130,000.

Mr. **Fryman**. What was this to be for?

Mr. **O'Boyle**. Two of the Maule aircraft.

Mr. **Fryman**. How did you make this contribution?

Mr. **O'Boyle**. I hand delivered the check to Mr. Channell in Washington a few days later.

Mr. **Fryman**. Did you have a further meeting with Mr. Channell?

Mr. **O'Boyle**. When I delivered the check?

Mr. **Fryman**. Yes.

Mr. **O'Boyle**. Yes, I did.

Mr. **Fryman**. And did you have a further meeting with Colonel North?

Mr. **O'Boyle**. Yes.

Mr. **Fryman**. How did that come about?

Mr. **O'Boyle**. I brought the check to Washington and went directly over to the NEPL headquarters where I was taken to the Hay-Adams by Mrs.—Ms. McLaughlin. I met Mr. Channell there at the Hay-Adams. I had the check in my pocket. I—after Ms.

McLaughlin left, I gave Mr. Channell the check, and I said, "I have decided to contribute, and this is for two of the Maule aircraft."

Mr. **Fryman**. And did he say anything about getting in touch with Colonel North?

Mr. **O'Boyle**. Well, yes. Then he went out. As I recall, he went and called Colonel North, who then came over.

Mr. **Fryman**. And joined you at the Hay-Adams?

Mr. **O'Boyle**. Yes.

Mr. **Fryman**. And what did Mr. Channell say to Colonel North after he arrived?

Mr. **O'Boyle**. Well, he showed him the check, and he indicated that I had made a contribution, and that is what he said.

Mr. **Fryman**. And what was Colonel North's response?

Mr. **O'Boyle**. He acknowledged that I had made the contribution.

Mr. **Fryman**. Was there any further discussion of weapons on this occasion?

Mr. **O'Boyle**. Yes. Colonel North had a—essentially the same list that we went over again, ammunition. I think that he indicated that the source of the blowpipe missiles was—had decided not to sell to Colonel North's group for one reason or the other. So, those were no longer available.

Mr. **Fryman**. And there was a review of the other types of weapons?

Mr. **O'Boyle**. Yes. He reviewed the Eastern bloc ammunition that was required, essentially the same list as before.

Mr. **Fryman**. Did Mr. Channell make any comment on this occasion about contributors meeting with the President?

Mr. **O'Boyle**. Yes. He indicated that I might want to meet with the President, and if I were willing to give more money or commit to becoming a fund raiser—it wasn't quite clear exactly what the exact conditions were, but if I were to increase and continue my commitment to this effort that was going on, that I would meet with the President.

Mr. **Fryman**. Was there an amount specified by Mr. Channell?

Mr. **O'Boyle**. Around $300,000—if I were to give approximately that much, that I would meet with the President.

Mr. **Fryman**. Was there any response by Colonel North to this comment by Mr. Channell?

Mr. **O'Boyle**. No particular response.

Mr. **Fryman**. What decision did you make, Mr. O'Boyle, about making further contributions?

Mr. **O'Boyle**. I decided not to make any further contributions.

Mr. **Fryman**. And did you notify Mr. Channell of this decision?

Mr. **O'Boyle**. Yes.

Mr. **Fryman**. How did you notify him?

Mr. **O'Boyle**. By mailgram.

Mr. **Fryman**. So, the only contribution to this point that you had made and to the point that you announced you were not going to make any further contributions was the $130,000 for the two Maule airplanes?

Mr. **O'Boyle**. That is right.

Mr. **Fryman**. Is that correct?

And would you look at exhibit WBO-1. Is that the check that you gave to NEPL for the planes?

Mr. O'Boyle. Yes, it is.

Mr. Fryman. After you sent the mailgram to Mr. Channell that you have described, did you hear further from him?

Mr. O'Boyle. Yes, I did.

Mr. Fryman. What did he say to you?

Mr. O'Boyle. Either he or someone from his office called my office in New York and asked for a luncheon appointment, which I agreed to.

Mr. Fryman. And did you have lunch with him later in New York?

Mr. O'Boyle. Yes, I did.

Mr. Fryman. Was that within a few weeks of your earlier meeting?

Mr. O'Boyle. Yes.

Mr. Fryman. Who attended this luncheon?

Mr. O'Boyle. It was Mr. Channell and Mr. Conrad.

Mr. Fryman. Who is Mr. Conrad?

Mr. O'Boyle. An associate of Mr. Channell's. I think he was his second in command at the NEPL.

Mr. Fryman. What did Mr. Channell say to you during this luncheon?

Mr. O'Boyle. Well, he indicated that I had given my contribution so quickly that they hadn't had the chance to give me all of the sort of courtesies and show me all the presentations and so forth that they wanted to.

They asked if I would come down to Washington to have another meeting with Colonel North.

Mr. Fryman. And did you agree to do that?

Mr. O'Boyle. Yes.

Mr. Fryman. And did you come down and have a further meeting?

Mr. O'Boyle. Yes, I did.

Mr. Fryman. Where was that meeting?

Mr. O'Boyle. That was at Colonel North's office in the Old Executive Office Building.

Mr. Fryman. And approximately when was that meeting?

Mr. O'Boyle. I think it was the 29th of April.

Mr. Fryman. About how long did you meet with Colonel North on this occasion?

Mr. O'Boyle. It was half an hour to 45 minutes.

Mr. Fryman. Was anyone else present?

Mr. O'Boyle. Mr. Channell was present at the initial part of the meeting.

Mr. Fryman. And then you met alone with Colonel North?

Mr. O'Boyle. Yes.

Mr. Fryman. And at this meeting, did he generally describe the administration's strategy in Nicaragua?

Mr. O'Boyle. Yes.

Mr. Fryman. Was there any further discussion of weapon needs in this meeting?

Mr. O'Boyle. No; other than, in the first part of the meeting I think NEPL was involved in a humanitarian aid program that we talked about a little bit, which involve supplying boots and uniforms, that sort of thing to the Nicaraguans, to the Contras.

Mr. **Fryman**. But there was a general discussion of the strategy with respect to that country; is that correct?

Mr. O'**Boyle**. Yes. Yes.

Mr. **Fryman**. And did Colonel North ask you for any contribution during that meeting?

Mr. O'**Boyle**. No.

Mr. **Fryman**. Now, did you meet with Mr. Channell after the meeting?

Mr. O'**Boyle**. As I recall, yes.

Mr. **Fryman**. Was there any discussion of further contributions with Mr. Channell?

Mr. O'**Boyle**. Well, I had already indicated that I didn't want to give further contributions. So the way we left it was that he would—or that if I wanted to give anything more, I would be in touch with him.

Mr. **Fryman**. And did you get back in touch with him?

Mr. O'**Boyle**. No.

Mr. **Fryman**. Did you make any further contributions?

Mr. O'**Boyle**. Yes, I did.

Mr. **Fryman**. When did you make a further contribution?

Mr. O'**Boyle**. It was later that year. Let's see. I don't recall the exact date. I think it was September 30th.

Mr. **Fryman**. And how much was that contribution?

Mr. O'**Boyle**. $30,000.

Mr. **Fryman**. Was that in response to a specific request from Mr. Channell?

Mr. O'**Boyle**. Yes, it was.

Mr. **Fryman**. What was the nature of that request?

Mr. O'**Boyle**. The nature of the request was that even though Congress had authorized further payments to the Nicaraguans, the money was taking a long time to trickle down to the point where it could be used, and that they were still in very desperate shape and that this would be the final request that NEPL would be making on behalf of the Contras.

Mr. **Fryman**. Mr. O'Boyle, what had been indicated to you by NEPL with respect to the tax deductibility of your contribution?

Mr. O'**Boyle**. Well, early on I had been give to believe that NEPL was a tax deductible organization, as they say; that contributions would be tax deductible.

Mr. **Fryman**. How was that communicated to you?

Mr. O'**Boyle**. In the standard package of materials that they sent out.

Mr. **Fryman**. Did you take a tax deduction on your 1986 return for the $130,000 contribution that you made?

Mr. O'**Boyle**. My return is still unfiled. It is on extension.

Mr. **Fryman**. Mrs. Garwood, let me ask you a few other questions, on the same subject, with respect to the tax treatment of your contribution.

Did you take a deduction on your 1986 return for the contribution that you have described earlier?

Mrs. **Garwood**. I left that up to my accountant. And they did take a tax deduction, and then I had later on a call from Spitz Channell in which he said—this was after the Iran-Contra affair had been aired—and he said that—I said to him, you know of—

Mrs. Glanz is worried about the fact that you told her to send the money for the weapons through the organization of NEPL, because she is wondering whether that is a tax deductible donation or not, and NEPL is supposed to be tax deductible.

And I said, why did you do that? Is that true, that you can put this money through an organization that is tax deductible?

I had not paid much attention to it, as I say, because I was very sick and had a very ill husband at the same time.

So he said, Mrs. Garwood, I have talked to Colonel North since this happened and he told me that since you were able to supply—he said, you remember in the conversation that he spoke of a good many other needs, humanitarian needs, how they were foraging for food, and how they would be accused falsely by the leftists of drug smuggling in order to get money to cloth themselves and for medicine and food and other things. He said, they needed those other things, too.

Colonel North told me that your money could go for that, and that because you were relieving them of the need to get this amount otherwise, they could use that—they would have that extra money for the weapons. So the weapons were handled in another way.

Mr. **Fryman**. And when was this conversation with Mr. Channell?

Mrs. **Garwood**. This was in December of 1986.

Mr. **Fryman**. So it is your understanding that on your tax return that's filed for 1986, a deduction was taken for the contributions?

Mrs. **Garwood**. It was first taken, and then I talked to my tax assessor about it, and asked him to talk to my counsel, Mr. Osborne, and I will leave the rest of this to him because I left it to them, what to do. He can respond to that better than I can.

Mr. **Fryman**. Mr. Osborne, is it your understanding that there was an amended return filed after the original return?

Mr. **Osborne**. That's correct. Excuse me. That's correct, an amended return was filed.

Mr. **Fryman**. And was the deduction taken on the amended return?

Mr. **Osborne**. No, it was not.

Mr. **Fryman**. What happened between the filing of the original return and the amended return?

Mr. **Osborne**. We had a meeting on April 13, 2 days before the return was due, to decide how to handle this matter. We had knowledge of Mrs. Garwood's conversation with Mr. Channell in which—which she just described.

During the rest of the time, the time-interval between that conversation and April 13th, I had made efforts to get more detailed information from Mr. Channell, and from his attorneys without success.

And we further, on April 13th, contacted the Internal Revenue Service in Washington, DC, a Mr. Larry Batdorf, who confirmed that the National Endowment for the Preservation of Liberty had been tax exempt throughout all of 1986 and was still tax exempt.

Based on that information, we filed a return and claimed the deduction. About 2 weeks later, around April 30, Mr. Channell pled guilty, which made the conversation with—that he had with Mrs.

Garwood highly suspect. On the basis of that new information, we amended the return and did not claim the deduction.

Mrs. GARWOOD. May I say something, too?

In making donations to the various needs of the freedom-seeking people of Nicaragua, it never made any difference to me. I never did it because it was tax deductible. I would have done it whether it was or whether it was not.

Mr. FRYMAN. Mrs. Garwood, in your various meetings with Colonel North, did he ever indicate that he was sharing with you or showing you any sort of classified information?

Mrs. GARWOOD. No, sir.

Mr. FRYMAN. Mr. O'Boyle, in your meetings with Colonel North, did he ever indicate that he was sharing any classified information with you?

Mr. O'BOYLE. Yes, he did.

Mr. FRYMAN. On what occasion?

Mr. O'BOYLE. It was the second meeting that I went to down in Washington, where we—he described the administration's strategy in Nicaragua.

Mr. FRYMAN. That was the meeting in his office, not the meeting at the hotel, is that right?

Mr. O'BOYLE. That's right. In his office.

Mr. FRYMAN. Thank you, Mr. O'Boyle.

Thank you, Mrs. Garwood.

[Witness previously sworn.]

TESTIMONY OF JOSEPH COORS, ACCOMPANIED BY RICHARD ROBERTS, ESQ., WASHINGTON, DC

Mr. FRYMAN. Mr. Coors, my colleague, Mr. Kaplan, has some questions for you.

Chairman INOUYE. Mr. Kaplan?

Mr. KAPLAN. Thank you, Mr. Chairman.

Good morning, Mr. Coors.

Mr. COORS. Good morning.

Mr. KAPLAN. Your full name is Joseph Coors; is that correct?

Mr. COORS. That is correct.

Mr. KAPLAN. And you reside in Golden, Colorado?

Mr. COORS. Correct.

Mr. KAPLAN. Are you currently vice chairman and director of the Adolph Coors Company?

Mr. COORS. Yes, I am.

Mr. KAPLAN. Approximately how long have you held these positions?

Mr. COORS. I have held those positions since May of 1985.

Mr. KAPLAN. Were you that company's president from 1977 to 1985?

Mr. COORS. Yes, I was.

Mr. KAPLAN. Did you also serve as chief operating officer?

Mr. COORS. Chief operating officer, yes.

Mr. KAPLAN. I'm going to give you an opportunity to attract a large gathering at the lunch recess today. What is the nature of your company's business?

Mr. **Coors.** Well, the major business of Adoph Coors Company is the manufacture and distribution and sale of beer. We do have a number of subsidiaries, however, including the largest industrial ceramic operation in the United States.

Mr. **Kaplan.** Thank you.

In the late spring or early summer of 1985, Mr. Coors, did you initiate a meeting with William Casey?

Mr. **Coors.** Yes, I did.

Mr. **Kaplan.** What was the purpose of that meeting?

Mr. **Coors.** Well, I had been observing the situation in Nicaragua for some time beginning at the time of their elections when Ortega was elected, and I had been observing how the progress of that country had gone away from a democratic form of government, the slow but steady oppression of the people by taking away their freedom of the press, their freedom of religion, their freedom of speech, and their, eventually, their freedom of elections. There are no possibilities of a free election in Nicaragua today, as I think you all know.

And during the course of that, and during the time previous to, say, June of 1985 when I met with Mr. Casey, I had heard and talked with a good number of people in regard to the plight of the Nicaraguan Freedom Fighters, the fact that they needed clothes, they needed medical supplies, they needed food, and I just made up my mind I wanted to try to do something about that if I could, and Bill Casey was a good friend of mine.

I had worked with him since 1979 when he and Ed Meese were the head of the Reagan-Bush campaign. I had worked quite closely with both of them and many others on that campaign, and I just had a full feeling of trust of Bill. I knew that he was certainly as familiar as anybody else with the problems in the international scene, and so I just made up my mind that I wanted to talk to him and to ask his advice.

Mr. **Kaplan.** Is it fair to say that the principal purpose of that meeting was for you to express to Casey your interest in providing monetary support for the Freedom Fighters in Nicaragua?

Mr. **Coors.** Well, the purpose was to ask him what he felt I might be able to do to help the Freedom Fighters.

Mr. **Kaplan.** And when did the meeting with Mr. Casey take place?

Mr. **Coors.** Well, your records that you showed me yesterday indicated it was on June 18.

Mr. **Kaplan.** That is correct.

Mr. **Coors.** Late in the afternoon.

Mr. **Kaplan.** And do you recall where the meeting took place?

Mr. **Coors.** The meeting took place in his office, not the one—the CIA headquarters, but an office he had in the Washington area, I believe it was in EOB.

Mr. **Kaplan.** Was anyone else present at that meeting, Mr. Coors?

Mr. **Coors.** No. No one else was present.

Mr. **Kaplan.** Did you tell Casey that you were interested in providing monetary support for the Freedom Fighters?

Mr. **Coors.** Yes, I did.

Mr. **Kaplan.** What was his response to your expressed interest?

Mr. COORS. His response was that he couldn't do anything for me along those lines, but that he knew a person that we—a mutual person that we knew that could help me, and that was Colonel Oliver North.

Mr. KAPLAN. Did he tell you why he couldn't do anything along those lines?

Mr. COORS. No, he didn't.

Mr. KAPLAN. That is Mr. Casey?

Mr. COORS. Just point blank, he said Ollie North is the guy to see.

Mr. KAPLAN. So it is fair to say he was pretty guarded or circumspect about it?

Mr. COORS. Oh, yes, I think that is fair to say.

Mr. KAPLAN. Did you arrange a meeting with Colonel North?

Mr. COORS. I didn't. He did.

Mr. KAPLAN. Can you tell me how that meeting was arranged?

Mr. COORS. I believe he had one of his assistants there call North's office to see if North was there and available, and it turned out he was, so I went down to his office.

Mr. KAPLAN. So you met with North later that day?

Mr. COORS. Yes, right after the meeting with Casey.

Mr. KAPLAN. That meeting took place in North's office in the Old Executive Office Building?

Mr. COORS. Old EOB correct?

Mr. KAPLAN. Was anyone else present at that meeting?

Mr. COORS. No one else was there.

Mr. KAPLAN. Did you also express to North your interest in providing monetary support for the Freedom Fighters?

Mr. COORS. Yes. I told him that I was interested in seeing what I could do and I asked him for his recommendations.

Mr. KAPLAN. And I take it in response Colonel North was not quite as guarded or as circumspect as Mr. Casey had been?

Mr. COORS. No. He was very anxious to provide me with an area where he thought I could be of most help.

Mr. KAPLAN. And what was that area?

Mr. COORS. That was in the area of providing a small Maule airplane. I was a little bit surprised to see that Bill O'Boyle also bought—thought I was the first and only one. Evidently, that wasn't the case. In any case, he told me that they needed this kind of an airplane in the worse way down there.

The only plane that Freedom Fighters had down in Nicaragua at that time was an old, dilapidated DC-3, that they had a hard time keeping in the air because of lack of spare parts and so forth, and he said one of these small planes, which are rather remarkable things, they are—I don't know if any of you are fliers, but if you are familiar with a Piper Cub, it is probably as tiny as the tiniest Piper Cub.

It has special capabilities, very short landing and take-off, which was mentioned before, and this was important because they could get into these various bases in the Nicaraguan area, the various bases where the Nicaraguan—I mean the Freedom Fighters were stationed.

Mr. KAPLAN. Did North show you any material relating to Maule airplanes?

Mr. **Coors**. Yes. He showed me a Maule Air Inc., brochure, and specifically showed me the model of the plane that he would like to have me provide funds for.

Mr. **Kaplan**. And did he quote you a price?

Mr. **Coors**. He said there was one—one of those planes was available at the Maule Company, and that it could be procured with all spare parts and special instrumentation for $65,000.

Mr. **Kaplan**. So at least we know there is some equilibrium in the market?

Mr. **Coors**. It looks like we were both quoted the same price.

Mr. **Kaplan**. Did he tell you how you could make a payment to purchase a Maule plane for the Freedom Fighters?

Mr. **Coors**. Yes. He indicated I could do that in any of a number of ways, but he suggested the possibility of a bank transfer to a Swiss bank account, and I chose that route.

Mr. **Kaplan**. Did North, subsequent to the meeting, provide you the Swiss bank account name and number to which your payments should be made?

Mr. **Coors**. Yes, he did.

Mr. **Kaplan**. Is exhibit JC-2 a copy of the document transmitted to you by North containing that information?

Mr. **Coors**. Yes, to the best of my knowledge, that is a copy of it. I wondered then and I still wonder why he crossed out AG-195 and so forth. I don't know what the significance of that is.

Mr. **Kaplan**. Could you please read aloud the information contained on that slip of paper.

Mr. **Coors**. It's just a plain piece of paper. It says, "Lake Resources Inc., Account No. 386430-22-1, Credit Suisse Bank—" I am not good at French, but it is "Eaux Vives Branch." My wife will get a kick out of that. She knows I am not a linguist.

"Geneva, Switzerland,. attention Mr. Jacob Steger."

Mr. **Kaplan**. Is there also a telex number?

Mr. **Coors**. Telex 22805.

Mr. **Kaplan**. Thank you, Mr. Coors.

Did you arrange in August of 1985 to make a payment of $65,000 to the Lake Resources account in Switzerland?

Mr. **Coors**. I did.

Mr. **Kaplan**. And exhibit JC-1 reflects your instructions to your bank in Colorado to make that payment?

Mr. **Coors**. Yes. That is a letter I wrote to Mr. Grant, President of the Colorado National Bank in Denver, which is the bank where I have my major checking account, and it just says,

> Confirming our telephone conversation this morning, please transfer $65,000 out of Joseph and Holly Coor's personal account at Colorado National Bank to the following.

The "following" was what I read off the other exhibit.

Mr. **Kaplan**. Did you have occasion to discuss this payment with North sometime after it was made?

Mr. **Coors**. I am sure I let him know I had made that transfer, but I am not clear, it certainly wasn't a personal visit with him; probably by telephone.

Mr. **Kaplan**. What did North tell you about the use of the funds?

Mr. COORS. Well, when I talked to him I was assured by him that this would be used for the purchase of this plane. I had made it quite clear to him that I didn't want to get involved in any military assistance to the Freedom Fighters, that I wanted to do it on a humanitarian, nonmilitary basis, and he indicated that this plane would fit into that pattern, and so we went ahead on that basis.

And I feel very confident that the moneys were used for that purpose. He told me they were; I trusted him.

Mr. KAPLAN. Mr. Coors, you told us yesterday that you do not know a Carl R. Channell?

Mr. COORS. Yes, I did testify to that. Mrs. Garwood said something just this morning that sort of peaked my interest. She said he had been an assistant or coworker with Terry Dolan. I did know Terry Dolan, and it is quite possible that through Terry I might have met and shook hands with Channell. I don't have any recollection of it.

I meet dozens of people at some of these meetings, and my memory isn't good enough to remember them all.

Mr. KAPLAN. Do you recall ever having been solicited by him to contribute funds to anyone of his organizations?

Mr. COORS. I was never solicited to the best of my knowledge by Mr. Channell.

Mr. KAPLAN. Have you ever made any donations to the National Endowment for the Preservation of Liberty?

Mr. COORS. I have not.

Mr. KAPLAN. Mr. Coors, thank you very much. You have been very cooperative, and I appreciate it.

I have no further questions, Mr. Chairman.

Mr. INOUYE. Mr. Van Cleve.

CONTINUED TESTIMONY OF ELLEN C. GARWOOD, WILLIAM B. O'BOYLE, AND JOSEPH COORS

Mr. VAN CLEVE. Thank you, Mr. Chairman.

Mrs. Garwood, you may recall I am George Van Cleve. We met during your deposition not too long ago, and Mr. Coors, Mr. O'Boyle, we have not previously met, but just for purpose of identification, I am minority counsel for the House. I have only a few brief questions for a couple of you here today, and I will try not to take too long, but there are a couple of topics I did want to go over, particularly with you, Mrs. Garwood.

Mrs. Garwood, you may remember during your deposition you were asked about a briefing that you attended at the White House in January of 1986, and you were asked to describe the nature of the presentations that were made at that briefing, and my recollection is that you told us that Colonel North made a presentation, and that at the end of the various presentations the President himself spoke to you and some other people who attended that briefing.

I wonder if you could briefly tell the committee the nature of the presentations that were made to you during that briefing. Just try and describe for the committee what was said.

Mrs. GARWOOD. Colonel North made a presentation, also Mr. Elliott Abrams made a presentation, and then the President.

The topic of all of these presentations was the danger to the United States if another Cuba should be established in our hemisphere, which should be obvious to everybody, and—but this was gone into, and how far the Nicaraguans had gone along that path, the Nicaraguan Government.

Mr. VAN CLEVE. Now, you knew when you went to that briefing, didn't you, that the President had been trying to get assistance for the Contras? You already knew that when you went there, that the President——

Mrs. GARWOOD. Oh, yes, because on television several times he said he wanted—until Congress should vote the money needed, that he wanted humanitarian aid to be given by private people.

Mr. VAN CLEVE. So, there was no question about that in your mind? There was no secret about it?

Mrs. GARWOOD. Not at all. Not at all.

Mr. VAN CLEVE. Can you tell us what else the President said during the briefing?

Mrs. GARWOOD. I think he thanked us all for having been willing to take this matter to our hearts and try to do something about it, and he is always very eloquent, and this was the gist of what he said.

Mr. VAN CLEVE. I appreciate that.

I think you were asked during your deposition whether there was any discussion of the military requirements of the Contras during that briefing, and my recollection is that you told us there was not. Is that correct?

Mrs. GARWOOD. That is correct.

Mr. VAN CLEVE. OK. Thank you.

The next subject that I wanted to ask you about has to do with the events after the meeting that you had with Carl Channell in April 1986, where you were given a list of weapons and asked if you could help to purchase them.

As I understand it, you took that list back to Austin with you.

Mrs. GARWOOD. Yes.

Mr. VAN CLEVE. And you gave it to your banker, Mrs. Glanz; is that correct?

Mrs. GARWOOD. That is right.

Mr. VAN CLEVE. And she is the trustee of your trust account; is that correct?

Mrs. GARWOOD. She is—yes, she is the manager.

Mr. VAN CLEVE. She is the manager of your trust account. OK.

And as I understand it, she then took the list to your attorney, Mr. Osborne; is that correct?

Mrs. GARWOOD. She did at some time. I don't know whether she did right away or not.

Mr. VAN CLEVE. But within a few days, would that be accurate?

Mrs. GARWOOD. Within a few days, yes.

Mr. VAN CLEVE. And he is your attorney; is that correct?

Mrs. GARWOOD. That is right.

Mr. VAN CLEVE. And he is also the attorney for the bank, I believe?

Mrs. GARWOOD. He is the attorney for my trust arrangement with the bank.

Mr. VAN CLEVE. OK.

Now, did either Mr. Osborne or Mrs. Glanz tell you that you couldn't buy weapons for the Contras because it would be against the law to do so?

Mrs. **Garwood**. No, sir.

Mr. **Van Cleve**. OK. Thank you.

And to your knowledge, it is perfectly legal to use private money to do that, isn't it?

Mrs. **Garwood**. Yes, sir.

Mr. **Van Cleve**. Thank you.

The question of whether you can take a tax deduction is an entirely separate matter, isn't it?

Mrs. **Garwood**. Oh, yes.

Mr. **Van Cleve**. As I understand your earlier testimony today, you intended to give the money without regard to the question of whether you could get a tax deduction.

Mrs. **Garwood**. Absolutely.

Mr. **Van Cleve**. OK. Thank you.

The last subject that I wanted to ask you about, Mrs. Garwood, had to do with the Oliver North Legal Defense Fund, and I wondered if you could tell the committee, please, the story concerning your contributions to that legal defense fund.

As I understand it, it starts out in early December 1986 when you talked to Spitz Channell about the possibility of making such a contribution. Could you please tell the committee that story? Take it from there.

Mrs. **Garwood**. Yes. Mr. Channell said over the phone that Colonel North had been—had resigned or had been fired from the government. I really didn't understand which. I thought he had resigned. But he was in a position where he was going to need perhaps legal defense, and he also needed, Mr. Channell said, some money—he would like to have some funds for educating his children.

From then—oh, yes, and then he said, "Will you send a certain amount to help him out?"

> And I said, "Yes, I think I can."
>
> He said, "Can you send $10,000?"
>
> I said, "Well, I can't send that all from my account right now, because I don't have enough to do it, and I will ask my husband if he will let me send from his account $5,000 and from my account $5,000, and that will make $10,000."

And so, that is what I did.

Mr. **Van Cleve**. Now, did there come a time shortly after that when you got a phone call from Andy Messing about that same subject, and can you tell the committee what he said?

Mrs. **Garwood**. Yes. He asked me to give a donation for the North Legal Defense Fund.

I said, "I have already given to Mr. Channell."

And he said, "Do you know that Mr. Channell takes 35 percent for his own organizations, for his overhead, and so on?"

And I said, "No, I did not."

And I said——

Mr. **Van Cleve**. Mrs. Garwood, your microphone is a little bit far away. I want to make sure the committee heard that.

He told you Mr. Channell was keeping 35 percent of the contributions to his organization?

Mrs. GARWOOD. He told me that is what he had heard, that Channell was taking 35 percent of donations given to his organizations for his own overhead and expenses and that this was a very high amount. And, of course, I thought it was, too.

Mr. VAN CLEVE. You didn't know anything about that?

Mrs. GARWOOD. I didn't know anything about that, and perhaps I should have inquired more, but I didn't.

At any rate, I said, "You are raising an official—he is a Marine, Andy Messing, and a friend of Colonel North's. You are raising an official Marine-backed legal fund to defend Colonel North."

And he said he was, and he explained that to me, and I said, "Well, I shall ask Mr. Channell to send back what I sent to him, and I will send made out to the North Defense Fund a check for $10,000 as soon as I get my donation back."

Mr. VAN CLEVE. Did you call Mr. Channell to get a refund of your contribution?

Mrs. GARWOOD. Yes, I did.

Mr. VAN CLEVE. Can you tell us about that conversation, please?

Mrs. GARWOOD. Well, he was disappointed. I told him that I had heard that he was taking $35,000—35 percent of donations for his overhead, and I thought that was rather large, and I thought he should have told me that.

And he said, "Where did you hear this?"

And I told him that Andy Messing had told me, and he said, "Well, I think we conservatives should all cooperate with each other. I am very surprised that he would tell you that," and so on.

Mr. VAN CLEVE. Did he deny that he was doing that?

Mrs. GARWOOD. He didn't actually deny it, as I remember. But he did consent to send the $10,000 back to me, and I said, "I prefer to make it out to an official North Legal Defense Fund, and if you will please send the money back," and he did.

Mr. VAN CLEVE. Thank you very much, Mrs. Garwood.

I have no further questions of you at this time.

Mr. O'Boyle, I have just a couple questions. If you will give me just a moment here to get organized, I would appreciate it.

Mr. O'Boyle, I believe you testified at your deposition you attended a briefing at the White House on March 27, 1986, and you described today a series of meetings connected with that briefing.

I have a couple of questions about the circumstances surrounding that briefing for you. I understand that when you arrived at the National Airport you were met by a limousine; is that correct?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. And, to your knowledge, that limousine was either rented or owned by the National Foundation for the Preservation of Liberty; is that correct?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. Did it surprise you you were being met by a limousine that was chartered or owned by a tax-exempt organization?

Mr. O'BOYLE. It did a little bit, yes.

Mr. VAN CLEVE. I understand that during that day or day and half period you attended a cocktail party, a dinner, you stayed overnight at the Hay-Adams, you had breakfast there. Can you tell us who paid for that?

Mr. O'Boyle. I don't know. Mr. Channell indicated it was taken care of. I assume it was NEPL.

Mr. Van Cleve. Have you ever stayed at the Hay-Adams yourself and paid the bill yourself on occasion?

Mr. O'Boyle. Yes, I have.

Mr. Van Cleve. You are aware it is a very expensive hotel; are you not?

Mr. O'Boyle. Yes.

Mr. Van Cleve. Did it surprise you a tax-exempt organization was putting you up at one of the most expensive hotels in Washington?

Mr. O'Boyle. Well, not really, because I was potentially a very large contributor, so I thought perhaps they were spending a little to get a lot.

Mr. Van Cleve. OK, fair enough. Have you ever visited Mr. Channell's office here in Washington, sir?

Mr. O'Boyle. Yes.

Mr. Van Cleve. And do you know where they were located up until about December 1986?

Mr. O'Boyle. I have been there. I can't remember the address.

Mr. Van Cleve. If I told you they were downtown in the heart of the business district, would it surprise you to learn that?

Mr. O'Boyle. I remember a townhouse somewhere in downtown Washington——

Mr. Van Cleve. I take it you haven't been to the offices Mr. Channell occupied until about December 1986, which were located right downtown in a rather large office building; is that correct?

Mr. O'Boyle. That would surprise me.

Mr. Van Cleve. Would it surprise you to learn he paid more than $20,000 a month rent for those offices?

Mr. O'Boyle. I don't know about Mr. Channell's other activities.

Mr. Van Cleve. I take it you really aren't in a position to tell the committee about how Mr. Channell handled the finances of his organization; is that correct?

Mr. O'Boyle. Yes.

Mr. Van Cleve. As a contributor though to a tax-exempt entity which raising supposedly desperately needed funds for the Nicaraguan Contras would it surprise you to learn that that organization had rented very expensive downtown Washington offices, was allowing its manager to drive around in a stretch limousine?

Would that sort of thing surprise you? If you were giving funds to a tax-exempt entity, would you want them to conduct business that way?

Mr. O'Boyle. I can't really comment on Mr. Channell's business practices. I don't know what they were.

Mr. Van Cleve. I realize you are not familiar with the circumstances, but just as former contributor, would you have wished that your money had been spent a little bit differently? I guess that's what I am asking you.

Mr. O'Boyle. I felt that some of the limousines and good hotels, and so forth, were provided in an attempt to raise money and that is done by organizations to raise money.

Mr. Van Cleve. I understand. OK.

You heard Mrs. Garwood testify this morning that there is some indication that Spitz Channell kept 35 percent of the contributions to his organization as overhead. Were you ever told that 35 percent of your contributions would be kept as overhead?

Mr. O'BOYLE. No.

Mr. VAN CLEVE. Would that come as a surprise to you to learn that that might have happened?

Mr. O'BOYLE. Yes, it would.

Mr. VAN CLEVE. Just a couple of additional questions again on the circumstances surrounding the meetings that you had down here in Washington.

In connection with your interest in helping the Contras, did Colonel North tell you that he had been involved in the arrest of a major drug dealer who was carrying millions of dollars in a suitcase or in the trunk of a car?

Mr. O'BOYLE. He told me that he was somehow involved or knew about or was present at some event like that.

Mr. VAN CLEVE. OK. And did he also tell you that he believed that the KGB was taking active measures to prevent him from helping the Contras?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. Could you tell the committee a little bit more about what he said to you on that subject?

Mr. O'BOYLE. Well, he said that the KGB, I indicated to him that I was concerned, you know, about this kind of activity, being a civilian not having any government protection. Obviously you are driving in the fast lane when you are doing this sort of thing. And I felt that that was one reason that I didn't want to continue myself. And I indicated to Colonel North—Colonel North, if I were you I would be concerned about that, too, I should think the KGB would be highly interested in preventing you from what you are trying to do here.

And he said, yes, as a matter of fact—and we talked a little bit about how various press people were trying to get his picture in the paper, he was trying to keep his picture out of the paper, and newspaper articles were being leaked, and so forth, and he indicated that, perhaps, or he suspected that, perhaps, some of those activities were motivated by the KGB. And that there is a technique called, "active measures" on the part of the KGB where they try to discredit government officials who are doing them harm.

Mr. VAN CLEVE. Did Colonel North, again in connection with your interest in helping the Contras, tell you of a secret plan to allow the Contras to take power in Nicaragua?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. And can you describe that for the committee, please?

Mr. O'BOYLE. Well, you understand, of course, Colonel North indicated to me that that was a secret.

Mr. VAN CLEVE. I understand he indicated to you that it was secret. And without disclosing any of the specifics would you describe in general terms the plan?

The committee does not need to have the specifics but just describe to us please, in general terms, the nature of the plan?

Mr. O'BOYLE. Well, the plan itself, I took to be secret. Specific or general.

Mr. VAN CLEVE. I see. So you took it that he was disclosing to you classified information that should not be revealed to the public? Do I understand you correctly?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. On the basis of that representation, I won't pursue the matter but he did describe his plan to you in detail; is that correct?

Mr. O'BOYLE. Yes.

Mr. VAN CLEVE. Just one final question. Did Mr. Channell ever tell you that Bunker Hunt had donated something on the order of a million dollars to help the Contras?

Mr. O'BOYLE. I think so, yes.

Mr. VAN CLEVE. Thank you very much.

Mr. Chairman, I have no further questions of these witnesses. Thank you.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. Thank you very much, Mr. Chairman.

Good morning. Mrs. Garwood, I know that Mr. Fryman and others have gone over some of these questions, and probably I may plow the same ground, but please bear with me. It is in an effort to try to get—shed some more light on the subject. You testified about your contributions to the National Endowment for the Preservation of Liberty in April and May 1986 following a meeting with Mr. Channell and Colonel North, did you not?

Mrs. GARWOOD. Yes, sir.

Mr. RODINO. Had you participated in prior meetings with both Colonel North and Mr. Channell?

Mrs. GARWOOD. Yes, sir.

Mr. RODINO. Was one of those meetings with Colonel North at his office in the Old Executive Office Building in August of about 1985?

Mrs. GARWOOD. I believe it was in the summer of 1985. I am not sure it was August.

Mr. RODINO. Sometime thereabouts—late 1985.

Mrs. GARWOOD. Yes.

Mr. RODINO. Did Colonel North say anything to you at that meeting?

Mrs. GARWOOD. I am trying to remember. It seems to me that this was the second meeting. I had met him at Williamsburg, VA. Yes. In the second meeting he was showing me a map of Nicaragua and of Central America and discussing the chances of the freedom-seeking forces there to invade and go forward with their program.

Mr. RODINO. Did he ask you, Mrs. Garwood about any contribution?

Mrs. GARWOOD. No, sir.

Mr. RODINO. Did Mr. Channell ask for a contribution?

Mrs. GARWOOD. I think he did, after we left the office.

Mr. RODINO. Did he specify any amount?

Mrs. GARWOOD. He always specified the amount, yes, sir.

Mr. RODINO. What was the amount?

Mrs. GARWOOD. I have down here there was a check for $15,000 during the summer and one for $75,000.

Mr. **Rodino**. Did you give him those specific amounts?

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. When and where was your next meeting with Mr. Channell and Colonel North?

Mrs. **Garwood**. The next meeting was in Dallas in September of——

Mr. **Rodino**. Was that at an airport?

Mrs. **Garwood**. At the airport, yes.

Mr. **Rodino**. Was that when Mr. Calero was also there?

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. Did Colonel North have anything to say to you at that time?

Mrs. **Garwood**. He described the fact that the supplies that were being sent to the Freedom Fighting forces were not getting to them, and that there was some mix-up or tangle where there was no transportation to take them across the border from Honduras to their camps.

Mr. **Rodino**. Did he say anything about wanting a contribution?

Mrs. **Garwood**. Did he say anything about what, sir?

Mr. **Rodino**. Contributions.

Mrs. **Garwood**. He never mentioned a contribution to me, never said—he always said, "I am not asking you for money. I can't. I am not supposed to."

Mr. **Rodino**. How about Mr. Channell?

Mrs. **Garwood**. After we left the meeting, Mr. Channell——

Mr. **Rodino**. In other words, Mr. North would not talk about a contribution, but following that Mr. Channell would talk with you and that's where——

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. What kind of contribution did Mr. Channell then ask for?

Mrs. **Garwood**. Then he asked me for a contribution for this transport for trucks and boats and things to take the materials that were being sent, supposedly for humanitarian aid.

Mr. **Rodino**. Was that for a specific amount?

Mrs. **Garwood**. That was a specific amount, yes, sir.

Mr. **Rodino**. And what was that amount?

Mrs. **Garwood**. Thirty-two thousand dollars.

Mr. **Rodino**. And how much did you give him?

Mrs. **Garwood**. I gave him that.

Mr. **Rodino**. You mentioned that you did attend a White House briefing and I think that was sometime in January, 1986, which was organized by Mr. North where Colonel North spoke about the situation in Nicaragua and there were others, and of course you testified that, I think that was the time Mr. Abrams was there and the President also spoke.

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. And you testified to the best of your recollection there was never any mention at that time about funds.

Mrs. **Garwood**. No, there was no mention of funds except to thank the people who were gathered there for the contributions they had been making for humanitarian aid. I am sure——

Mr. **Rodino**. That was specified?

Mrs. **Garwood**. I can't remember that that was said exactly, but the tenor of the gratitude was for what we had been doing with trying to help and respond to the President's televised request, public request for humanitarian aid, yes, sir.

Mr. **Rodino**. Did Colonel North or any of the other officials ask you for any contributions there?

Mrs. **Garwood**. Not at the meeting, no.

Mr. **Rodino**. They did not?

Mrs. **Garwood**. No, Colonel North never did.

Mr. **Rodino**. How about Mr. Channell; did he ask you then?

Mrs. **Garwood**. Yes.

Mr. **Rodino**. Did he specify any amount at that time?

Mrs. **Garwood**. He did. And it was around $65,000. Yes, sir.

Mr. **Rodino**. How much was the amount?

Mrs. **Garwood**. Sixty-five thousand.

Mr. **Rodino**. Thank you.

You had another meeting, I think your next meeting was with Colonel North and Mr. Channell, and that was the meeting in April 1986, and you described that in your direct testimony, and that's the meeting I think which resulted in your contributing some $2 million. Is that not correct?

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. Is that the meeting where the weapons list, after the weapons list had been shown you?

Mrs. **Garwood**. That's right.

Mr. **Rodino**. And you gave that money knowing that you were going to provide $2 million or whatever it was, $2.5 million for the purchase of weapons as well?

Mrs. **Garwood**. Yes. For the purchase of weapons and probably also for some humanitarian aid, which they needed and which had been described at that meeting.

Mr. **Rodino**. Mrs. Garwood, in your deposition on page 26, you said that officials at White House briefings "were never," in quote, these are your words, "that blunt in requesting funds."

You also went on to say, and this is on page 101 of your deposition, that "Colonel North's involvement," and I am quoting your words in the deposition, "seemed to me a guarantee that this was the executive department of the government that was asking for this help."

Are those your words, the best you recollect?

Mrs. **Garwood**. They are my words, that it seemed to me that the Executive Branch of the government, I should have said perhaps was presenting a case that would make people later on want to give. Because they didn't ask exactly.

Mr. **Rodino**. Is this a fair impression, that while no one asked you, Colonel North didn't ask you and White House officials didn't ask you, but nonetheless it was Mr. Channell who asked you for the contributions, but you really recognized that this was a request coming from the principals at the White House?

Mrs. **Garwood**. Oh, yes, it was the executive department of the White House.

Mr. **Rodino**. And when Colonel North identified a Contra need for, for instance, a truck, a plane or whatever, and then Mr. Channell asked you for a certain amount of money, you understood that

that amount of money was going to be allocated to the purchase of those items or for those items?

Mrs. **Garwood**. Yes, sir.

Mr. **Rodino**. I have another little question for you, Mrs. Garwood. You mentioned your disappointment upon learning that Mr. Channell, whom you had once described as being someone who was desirous of helping his country, you learned I think from Mr. Messing, that Mr. Channell was getting or taking 35 percent over his needs and you were terribly disappointed and surprised; is that correct?

Mrs. **Garwood**. That's correct.

Mr. **Rodino**. Well——

Mrs. **Garwood**. I do consider his chief motivation in all of this, though, to have been a patriotic motivation. He just made a——

Mr. **Rodino**. You mean that he was mixing a little patriotism with a little profiteering?

Mrs. **Garwood**. Well, I suppose you could put it that way. But the patriotism came first.

Mr. **Rodino**. But you were disappointed when you learned——

Mrs. **Garwood**. Yes, sir. Yes.

Mr. **Rodino**. Thank you very much. I have no further questions.

Chairman **Hamilton**. Mr. Broomfield?

Mr. **Broomfield**. Thank you, Mr. Chairman.

Mr. O'Boyle, I have a few questions for you, if you don't mind.

At your March, 1986 briefing on the Nicaragua situation from Colonel North, what did Colonel North say was the reason the Contras needed the antiaircraft missiles?

Mr. **O'Boyle**. I remember it was discussed that the Soviet Union had recently supplied to Nicaragua a new kind of attack helicopter, a HIND helicopter, which was very effective at gunning down forces on the ground, and I can't remember whether Colonel North actually said this in that particular briefing or not, but the idea was that the antiaircraft missiles would be used to shoot down those helicopters.

Mr. **Broomfield**. At the briefing, what if anything did Colonel North say about the Sandinistas in Nicaragua violating the human rights of Nicaraguans and about their building military facilities such as the air base?

Mr. **O'Boyle**. Well, I described the purpose of the air base, one of the purposes which was after apparently the Backfire bombers, after a nuclear attack on the United States can't make it all the way back to Russia. Rather than lose them, they can recover them in Nicaragua. That was one of the purposes of building that air base.

And the other purpose was that mission that I described to you which could be flown up the west coast of the United States.

In terms of human rights, I don't really have anything to say except that I think the Communist regime by its very nature is not interested in human rights at all.

Mr. **Broomfield**. At your breakfast meeting on March 28, 1986 with Channell and North, did North tell you that he could not ask for money for the Contras because he worked for the government?

Mr. **O'Boyle**. Yes.

Mr. **Broomfield**. Did Colonel North himself ever solicit funds from you?

Mr. O'Boyle. No. He never did.

Mr. **Broomfield**. You met at various times with Colonel North. What is your judgment of his motivation as well as his integrity?

Mr. O'Boyle. I think he is a man of very high integrity, and I think he's motivated principally by a sense of duty.

Mr. **Broomfield**. Channell told you on March 28, 1986 that he had checked you out overnight. You took that to mean that he had access to some national security computer.

Did Channell actually tell you he had access to some computer?

Mr. O'Boyle. No.

Mr. **Broomfield**. At the Hay-Adams Hotel dinner, apparently on March 27, 1986, who first mentioned the idea of you contributing money to the Contras?

Mr. O'Boyle. Well, I brought it up myself.

Mr. **Broomfield**. Channell told you that those who made a $300,000 contribution to the Contras got to meet the President. Do you have any firsthand knowledge that that's what Channell told you was true?

Mr. O'Boyle. No.

Mr. **Broomfield**. When you made your contribution of $130,000, did you tell Channell that you were not making your contribution to get in to see the President?

Mr. O'Boyle. Yes.

Mr. **Broomfield**. You met at various times with Carl Channell. What is your judgment of his integrity?

Mr. O'Boyle. I don't feel I'm in a position to make a judgment.

Mr. **Broomfield**. Thank you very much for your answer.

Chairman Hamilton. Mr. Brooks?

Mr. Brooks. Mr. Chairman, thank you, sir.

I have a couple of questions for you, Mr. O'Boyle. But first I want to say that I'm glad to see back with us again Tommy Loeffler, a former member from Texas. Glad to see you here smiling, happy, cheerful.

Mr. O'Boyle, was there any doubt in your mind that the $160,000 you contributed was for weapons?

Mr. O'Boyle. Well, I believe that $130,000 that I contributed went to buy two Maule aircraft and that the $30,000 I later contributed was for some other kind of humanitarian aid.

Mr. Brooks. Now, as a highly educated, successful businessman, didn't you have some concern about Channell's operation when you were told that providing funds would be—for a war in another country—was tax deductible?

Mr. O'Boyle. I was concerned about that, yes.

Mr. Brooks. And did the printed material that you got from—from Channell indicate that it would be tax deductible?

Mr. O'Boyle. Well, the principal activity of NEPL, as I understood it, was to sponsor and fund television commercials which were of an educational nature and that was, as far as I could see, a deductible kind of activity.

Buying equipment or weapons left a question mark in my mind.

Mr. Brooks. The IRS regulation 501(c)(3) describes tax-exempt organizations as pretty generally worthwhile operations, not including publishing or distributing of political camp—ads et cetera; safety, educational purposes, and so forth. But it has a very strong prohibition in section (b) that says you may not deduct contributions of gifts to foreign organizations, and there's a good many other things in the list.

But foreign organizations is pretty clearly laid out, and at that April 18, 1986 lunch in New York with Channell, after your $130,000 contribution, you indicated that you did express some concerns about that legality and Channell said that the money couldn't be traced.

Didn't this concern you even more?

Mr. O'Boyle. It did concern me in a certain way, but then I felt that since this was a covert foreign policy operation that had the blessing of the administration, that it was all right.

Mr. Brooks. You testified that when you met Mr. Channell in late March of last year, he said if you contributed $300,000 that President Reagan would meet with you privately and demonstrate his appreciation.

Was Colonel North ever present when this was discussed and did he ever confirm that?

Mr. O'Boyle. Well, let's see now. Colonel North was present when that was discussed. And he didn't confirm it or deny it.

Mr. Brooks. Three hundred thousand in 15 minutes, that's $1.2 million an hour. That's a pretty good rate.

You might have to deduct $20,000 a month for that, or $50,000, you have to deduct that as a cost. You still have a pretty good yield. But you only gave $160,000, so you never did have a meeting with the President; is that right?

Mr. O'Boyle. I never sought a meeting with the President.

Mr. Brooks. Did you know how NEPL got your name for the invitation to the White House briefing?

Mr. O'Boyle. Yes. It was through an old acquaintance, a friend in Texas.

Mr. Brooks. Is he still a friend? Don't answer that question.

Was that initial invitation billed as a secret briefing?

Mr. O'Boyle. I don't think so, no. The initial briefing by North, you mean?

Mr. Brooks. Yes, sir.

Mr. O'Boyle. I don't think it was. I don't think so.

Mr. Brooks. When you were invited back to Washington for a briefing by North in late April of 1986, did you take that meeting to be a solicitation for more money?

Mr. O'Boyle. By Channell, yes.

Mr. Brooks. And at this briefing in Colonel North's office, what was discussed?

Mr. O'Boyle. Well, we discussed this plan that I had mentioned before. We discussed, Colonel—the fact that Colonel North was concerned about Russian intelligence services trying to discredit him. I remember wondering whether we were involved in the beginning of World War III here. He said, "No, Russia would never go up against us to save Nicaragua." That is about it.

Mr. Brooks. Didn't you feel that it was a little strange that a White House official in the White House was discussing a secret plan with you?

Mr. O'BOYLE. Well, not really. Not really.

Mr. BROOKS. Have they done that often?

Mr. O'BOYLE. No. But I at one point did have a security clearance, top secret security clearance. They must have known that. I had demonstrated by my actions that I was willing to support the administration in its efforts in this department far more than the average person could, so I think they were justified in a certain way in not treating me as an average person off the street.

Mr. BROOKS. No further questions, Mr. Chairman. Thank you.

Chairman HAMILTON. Mr. McCollum?

Mr. MCCOLLUM. Thank you very much, Mr. Chairman. Mr. O'Boyle, I want to follow up on something before I go to other questions.

Do you know if any other contributor or any other contributors were told by Spitz Channell that if they gave a contribution they could see the President?

Mr. O'BOYLE. Spitz Channell, I don't know whether he told them that, but I understood from what he was saying that that is—that was part of the arrangement.

Mr. MCCOLLUM. Mrs. Garwood, indeed you actually did see the President, and you had not been told that you had to give money before you saw him; isn't that true?

Mrs. GARWOOD. That is true, yes.

Mr. MCCOLLUM. Therefore, Mr. O'Boyle, isn't it possible you might have been the only one that Spitz Channell told this story to, for all you know?

Mr. O'BOYLE. For all I know, yes.

Mr. MCCOLLUM. Thank you. Mrs. Garwood, I really appreciate you being here today. You have been putting up with us for quite some time. It is cold and chilly in this room. I noticed that myself from early this morning, so we are grateful you are here. I am going to be very brief.

I would like to clarify a couple of things with you, if I could. I would like to just make sure the record is very clear on these points.

At any time, at any time at all, did President Reagan personally ever ask you to contribute anything to the Contras?

Mrs. GARWOOD. No, sir. Absolutely not.

Mr. MCCOLLUM. At any time at all did Colonel North or any other administration official ever ask you to contribute anything to the Contras?

Mrs. GARWOOD. No, sir.

Mr. MCCOLLUM. And did it appear to you, Mrs. Garwood, during these various occasions where you did encounter Colonel North that he actually went out of his way, especially being careful to not ask you to contribute?

Mrs. GARWOOD. It did occur to me that he was doing that.

Mr. MCCOLLUM. Thank you.

Mrs. Garwood, you have testified about this incident with regard to your tax return this time and taking the deduction or not that your counsel has discussed. May I assume—and I would assume this normally, since that would be my anticipation as an attorney in an attorney-client situation. May I assume that you relied on your attorney and his advice with regard to taking that deduction and in the manner in which it was done?

Mrs. **GARWOOD**. Yes, sir, and on Peat, Marwick & Mitchell, who are my accountants.

Mr. **McCOLLUM**. Yes, ma'am.

You know, Mrs. Garwood, it seems to me you described the opportunity to listen—and you took advantage of it several times—to presentations with regard to the problems in Central America by Colonel North and by others.

As I recall, you said Mr. Abrams was present. There were quite a few presentations over the several months that you were involved in listening to these discussions. And you gave quite a bit of money when Mr. Channell asked you to give to his organization and that has been laid very much before us today.

But I think what is missing from all of this, despite innuendos about it, is anybody asking you or you having the opportunity to tell us beyond the fact that these were laid out why you gave, what motive did you have?

Why were you concerned with the Contras and the Freedom Fighters in the first place. And I would like for you to tell us that if you would, briefly if you could.

Mrs. **GARWOOD**. I have been concerned about the Communist threat to the United States ever since way back in 1947. At that time Will Clayton, who was the Under Secretary of State for Economic Affairs, wrote his first memorandum dated March 5th of 1947—

Mr. **McCOLLUM**. Will Clayton was your father, right?

Mrs. **GARWOOD**. Yes, sir—for the Marshall Plan.

Mr. **McCOLLUM**. Please.

Mrs. **GARWOOD**. In that first memo, he states very clearly that the Communists are even then a threat to our country. He said,

> I am deeply disturbed by the present world picture and its implications for our country. The reins of world leadership are fast slipping from Britain's once competent, but now very weak hands. These reins will be picked up either by the United States or by Russia. If by Russia, there will most certainly be war in the next decade or so with the odds against us.

Even then when we were ahead militarily—now we are, of course behind them militarily.

> If the reins are picked up by the United States, war could almost certainly be prevented, but the United States must take world leadership and quickly to avert world disaster. It will not take world leadership effectively unless the people of the United States are shocked into doing so. To shock them, it is only necessary for the President and the Secretary of State to tell them the truth and the whole truth. The truth is to be found in the cables which daily arrive at the State Department from all over the world.

Then he says, "Several nations whose integrity and independence are vital to our interests——

> Just as Central America's independence is vital to our interests, and to our security are on the very brink and may be pushed over at any time. Others are gravely threatened. If Greece and Turkey succumb, the whole Middle East will be lost. France may then capitulate to the Communists. As France goes, all Western Europe and North Africa will go. These things must not happen. They need not happen.

And then he says,

> We must go all out in this world game or we better stay at home and devote our brains and energies to preparations for the third world war.

Well, I interviewed my father in order to write my book about him. He told me—he gave me this early memorandum. This does not all come out in the Marshall speech. He made some other memos for the Marshall speech telling how much each country in Europe would need financially, but this showed me that he was terribly worried, and you know that Greece and Turkey were both given military equipment and advisers by the United States to get the Communists out, and I thought this set something of a precedent.

Mr. McCOLLUM. As I recall, we gave a lot more money to them, Greece, if I recall, than we have given at all ever in Central America at that time. That was when the dollar as worth a whole lot more than it is today.

Mrs. GARWOOD. Yes.

Mr. McCOLLUM. This stimulated your interest, particularly, Mrs. Garwood, in Central America because of the concern down there?

Mrs. GARWOOD. Yes, sir.

Mr. McCOLLUM. Were you aware—are you aware of the situation in Central America right now as far as it being a threat?

Do you see it as threat to the United States, to our security?

Mrs. GARWOOD. I do see it as a threat, particularly what Mr. O'Boyle said about the airfield being built for Communist planes to patrol our West Coast as well as our East.

I knew that. That comes out in lots of conservative publications that one receives and newsletters, and you don't see it in the daily press, but you see it very much in the conservative newsletters that one receives. And, of course, ever since Cuba, there has been reason to be very concerned, because we had a eyeball-to-eyeball situation there, and if we had supported the Freedom Fighters who wanted to reclaim Cuba for freedom, at the Bay of Pigs, we would be in a different situation now.

Mr. McCOLLUM. Mrs. Garwood, some of us greatly appreciate that there are Americans who really care out that there, and are interested and concerned, because not always is that the case.

Mr. Coors, I want to ask you a couple of questions relative to your testimony, if I could, sir. You discussed with us this morning the meeting that you had with Director Casey in his office, and I believe the initial counsel questioned, suggested it was you who initiated the meeting. I gather Director Casey didn't approach you to have a meeting, you did; is that correct?

Mr. COORS. I approached the CIA Director.

Mr. McCOLLUM. And did you advise Director Casey or his office what you wanted to talk about before you went?

Mr. COORS. No.

Mr. McCOLLUM. So you arrived and had a visit, and this telephone call, or arrangement was made afterwards for you to go down and visit Colonel North; is that correct?

Mr. COORS. That is correct.

Mr. McCOLLUM. Did you ever get the impression that somehow may be left here—and if it isn't right, I don't want it to be, but if it is right, I would. Did you ever get the impression Director Casey and Colonel North were setting you up to be asked to contribute for the plane?

Was that preplanned, do you think?

Mr. COORS. No. I would be almost certain that they weren't trying to set me up in any way, because I don't think they had any indication of my intentions ahead of that. I had not discussed with Bill Casey previous to that meeting my thoughts about wanting to help. So he was caught completely cold with my request.

Mr. McCOLLUM. As far as you know, the whole process was a coincidence in terms of the plane being asked for and——

Mr. COORS. Well, yes. I am sure that Ollie North had done some background work on wanting a plane, but as far as I know, and I feel fairly certain that there was no previous plan involved in presenting that to me.

Mr. McCOLLUM. Mr. Coors, when you initially talked to Director Casey, you indicated an interest in a humanitarian contribution; didn't you?

Mr. COORS. I did, yes.

Mr. McCOLLUM. Did you feel that this plane was a humanitarian contribution?

Mr. COORS. Oh, I did very definitely. I see nothing in a plane of that type, a little type—Piper Cub type of plane.

If you went—anybody would be crazy to go over enemy territory in that because you could be shot down with a rifle. It is just a tiny little, slow-flying, 120-mile an hour aircraft, that can be used for just carrying materials from one base to another.

Mr. McCOLLUM. You made other personal and educational contributions for humanitarian educational purposes; haven't you, Mr. Coors?

Mr. COORS. I certainly have, yes.

Mr. McCOLLUM. Could you just, without going into all of them, because I suspect they are numerous, give us a couple of examples of that?

Mr. COORS. Major contributions have been made by my wife, Holly, and me to the Heritage Foundation, the Free Congress Foundation. We work through our foundation and personally with a good number of National Legal Center for Public Interest, National Strategic Information Center.

There are dozens of them actually that we do support.

Mr. McCOLLUM. Mr. Coors, Heritage Foundation, for example, is an educational think tank organization quite prominent here in Washington, is it not?

Mr. COORS. Yes.

Mr. McCOLLUM. Thank you.

I understand that you are quite good personal friends of the President, President Reagan; is that correct?

Mr. COORS. I consider that I am a friend of the President, yes.

Mr. McCOLLUM. Some of them have said you have even been a member of his kitchen cabinet. At least, you know him good enough to go see him when you wanted to, I assume?

Mr. COORS. I first met the President in 1968 when he was Governor of California. I have gotten to know him over the years quite well.

Mr. McCOLLUM. Did President Reagan ever at any time ask you to make a contribution to the Contras?

Mr. COORS. No, he has not. Actually, I have never discussed the Contra, Freedom Fighter situation with him. I only know what he thinks and what he—what he says through the press.

Mr. MCCOLLUM. Thank you very much, Mr. Coors.

Mr. Chairman, I think something needs to be clarified for the record in regard to the whole panel that is testifying here today. It might appear to the casual observer the three who are here with us—and I really appreciate them all coming and testifying—it might appear these are typical contributors to the Spitz Channell organization, or, in the case of Mr. Coors, more directly to the Contras. But from my understanding of the depositions and various taking of testimony that went on and efforts to gets statements from folks before, many, many contributors were interviewed and deposed and not asked to testify because they did not have a list like was involved with Mrs. Garwood or they didn't have an occasion where they were suggested to them that they might see the President if they gave money and they didn't give to the Lake Resources account.

I just simply want to make it clear to everybody who is involved—and I think it needs to be—that these three witnesses are not the typical contributors, and in fact, many others gave more money to Mr. Channell's organization.

No list was found in those cases. Nobody else was told that they had to see the President or could see the President if they gave money and no other private contributor, at least that we discovered, received or sent his money to Lake Resources.

I think that needs to be clearly stated and presented so that the public and everyone else understands that while these are three important witnesses, and I am grateful, I am sure the whole committee is, that they have come forward and given us a fuller picture of the situation, of the contributions.

I think it is important that we also put their cases in perspective.

Thank you very much, Mr. Chairman.

Chairman HAMILTON. Mr. Jenkins?

Mr. JENKINS. Thank you, Mr. Chairman.

I only have one or two short questions for Mr. Coors.

In response to Mr. McCollum's questions, you indicated that you have given to, contributed through the years to a multitude of corporations and causes.

Mr. COORS. Both tax exempt 501(c)(3)s and non-tax exempt political entities.

Mr. JENKINS. I see.

Of all of these dozens of contributions through the years, have you ever been asked to send one to a Swiss bank account, except this one?

Mr. COORS. No. I pretty much have a policy not to send contributions to foreign entities.

Mr. JENKINS. So, this is——

Mr. COORS. This was a very specific situation, and I could have done it otherwise. I could have given him a personal check. I probably have brought in cash.

Mr. JENKINS. He didn't suggest that, did he?

Mr. COORS. No, he didn't.

He said, "any way you want to do it."

I said, "What is the easiest way?" He suggested this.

Mr. **Jenkins**. Did you ask him any questions about the Swiss bank account when he suggested that?

Mr. **Coors**. No, I didn't. And surprisingly enough, I guess, to you people, when that name was given—he didn't remember the account number. He didn't mention Lake Resources when I discussed it with him. When I passed that on, my recollection of the fact it was Lake Resources completely was out of my memory until I was asked to look at this particular piece of paper.

In other words, it wasn't—it didn't enter my mind that it was Lake Resources. I didn't know at that time and didn't know until recently that Lake Resources was under the control of General Secord.

Mr. **Jenkins**. Did you know General Secord?

Mr. **Coors**. No. To the best of my knowledge, I have never met him.

Mr. **Jenkins**. You didn't know Mr. Hakim?

Mr. **Coors**. No.

Mr. **Jenkins**. And that is the only time you have ever made a contribution through a Swiss bank account?

Mr. **Coors**. That is correct.

Mr. **Jenkins**. And Colonel North didn't explain why it ought to go through a Swiss bank account?

Mr. **Coors**. No. He just—he indicated to me that that was a mechanism which would allow the funds to be used to buy this Maule aircraft. It seemed to be a very simple, easy way to do. All I had to do was write my bank and ask them to make the electronic transfer.

Mr. **Jenkins**. Where was the aircraft being brought from, the United States?

Mr. **Coors**. It was—yes. The airplane was a plane of the Maule Air, Inc., I think is the name of the company, and I believe it is a Florida company. The plane, according to Colonel North, was there. It had been assembled. It was ready for immediate purchase.

Mr. **Jenkins**. If you sent the money to the Swiss bank account, they could send it back to Florida and pick up the plane right away?

Mr. **Coors**. That is right.

Mr. **Jenkins**. Sounds like a very simple——

Mr. **Coors**. It is a very easy way to do it, I guess. It seemed to be.

Mr. **Jenkins**. He was—you have learned today—beginning a fleet of those——

Mr. **Coors**. Yes. I was surprised to hear Mr. O'Boyle's testimony. I have, subsequent to that—Colonel North has shown me a picture of what he said was my plane.

Mr. **Jenkins**. Really?

Mr. **Coors**. Down in the jungles of Honduras.

Mr. **Jenkins**. When did he do that?

Mr. **Coors**. That was last fall.

Mr. **Jenkins**. Well, did you see—was it a photograph of just one? Were there several?

Mr. **Coors**. No, only one.

Mr. **Jenkins**. Really?

Mr. **Coors**. Yes. He showed me photographs of other aircraft. There was a DC-3, an old DC-3, but I didn't see any other Maules. This was a single plane on a small airstrip.

See, they will take off, as I understand—take off and land at maybe 150, 200 feet. It is a very remarkable type of plane and ideally suited to that land.

Mr. **Jenkins**. Sounds like a small C-5A.

Mr. **Coors**. I guess.

C-5A? No, sir. I think the maximum load that this plane will carry is less than 500 pounds. Tiny plane.

Mr. **Jenkins**. I think I only have one further question maybe for—I do want to ask you. Was this a tax deductible gift for you?

Mr. **Coors**. No, sir, no way. It didn't go through any organization at all, and I didn't take it as a tax exemption.

Mr. **Jenkins**. You didn't know whether or not Lake Resources—I think it was a 501-C3 according to the General. You may want to——

Mr. **Coors**. Maybe I will have to go back and look at that, but I don't think I will under the circumstances.

Mr. **Jenkins**. Of course you can see the President anytime, so that never came up?

Mr. **Coors**. I beg your pardon, sir?

Mr. **Jenkins**. Colonel North never did mention anything about $300,000, you could see the President, you could see the President whenever you want?

Mr. **Coors**. I am not sure I can see him any time I want.

Mr. **Jenkins**. You have been friends for years?

Mr. **Coors**. Yes, I have been in to see him a good number of times and that never came up, I never had any direct other requests for contributions to be invited.

Mr. **Jenkins**. I think that is all the questions I have, thank you.

Chairman **Inouye**. Mrs. Garwood, I gather from your testimony this morning, and from the deposition that was taken by the staff, that you were convinced that the administration was aware of your contribution?

Mrs. **Garwood**. From my testimony you thought——

Chairman **Inouye**. Yes.

Mrs. **Garwood**. Well, they certainly were aware of the contributions that I had made, the tax deductible, humanitarian aid, yes.

Chairman **Inouye**. And that the administration was supportive of the contribution?

Mrs. **Garwood**. Oh, yes. Certainly. The President himself had said so publicly many times that he wanted private people to give humanitarian aid to the Nicaraguans.

Chairman **Inouye**. So you were making a contribution because the administration wanted the contribution?

Mrs. **Garwood**. Yes, sir.

Chairman **Inouye**. When you said administration, who do you mean by the administration?

Mrs. **Garwood**. I mean the Executive Branch of the administration particularly.

Chairman **Inouye**. Is it any person or is it just some vague thing that we have.

Mrs. GARWOOD. It isn't very vague. Of course we know who is the President, and we know who is his cabinet are.

Chairman INOUYE. So you had no doubts that the President wanted——

Mrs. GARWOOD. No doubts at all.

Chairman INOUYE. Mr. O'Boyle, I think your testimony also says the same. Did you at any time doubt that the President wanted this?

Mr. O'BOYLE. No, sir, I didn't. I don't know if he knew of my specific contribution, but I felt he was supportive of this program.

Chairman INOUYE. That he was aware of the solicitation program?

Mr. O'BOYLE. Yes.

Chairman INOUYE. That he was supportive of the solicitation program?

Mr. O'BOYLE. Yes.

Chairman INOUYE. During this mornings testimony, I am sorry I wasn't here all the time, but as I walked in you spoke of secret information that was provided you by Colonel North. Did I hear correctly?

Mr. O'BOYLE. Yes.

Chairman INOUYE. Were you at that moment cleared to receive specific information?

Mr. O'BOYLE. I should say Colonel North didn't characterize it exactly as this is classified information which I am now giving you. The way he put it was this is very secret. You can't tell anybody about this. I took that to mean classified.

Chairman INOUYE. Did he—I am now quoting from your deposition. I don't know if you still believe in this.

> He—that is North—indicated that our intelligence services had intercepted instructions from the KGB to the Nicaraguan representative to the United Nations. Did he use the word intercepted?

Mr. O'BOYLE. I don't recall if he used that exact word.

Chairman INOUYE. Why did you use the word "intercepted"?

Mr. O'BOYLE. That is my best recollection.

Chairman INOUYE. And you said that you had clearance once upon a time?

Mr. O'BOYLE. Yes.

Chairman INOUYE. Intercepts would be highly classified, wouldn't they?

Mr. O'BOYLE. Yes.

Chairman INOUYE. Mr. Coors, am I correct that in your testimony this morning and in the deposition which you provided, you have indicated that you were convinced that the administration was, first, knowledgeable of the solicitation program?

Mr. COORS. No, I don't think I said that at all in my testimony, Mr. Chairman.

Chairman INOUYE. Are you convinced that the administration was aware of the solicitation program?

Mr. COORS. I know that the President was supportive of the Freedom Fighters in Nicaragua. But I know nothing directly of any attempt that he had made or any request that he has made for private funds for that purpose.

Chairman **Inouye**. Would you have provided the contribution if the President had been opposed to it?

Mr. **Coors**. I would doubt that. I felt I was doing something that was in accordance with a program that he was supportive of.

Chairman **Inouye**. So you were convinced that the administration was aware of it?

Mr. **Coors**. Very much so.

Chairman **Inouye**. And the fact that you had met with officials of the administration convinced you of that?

Mr. **Coors**. Not so much I think that as the fact that the people that I have talked to and heard talked about the situation down there convinced me that it was a serious situation, convinced me that it was a situation that would be detrimental, could be detrimental to the United States by establishing a Communist beach head in the center of Central America.

I felt strongly that that is something that could eventually destroy our country, because I think if it happened, if it were allowed to happen in Nicaragua it will spread into El Salvador, Costa Rica, on up into Guatemala, perhaps Mexico and we could have a whole communistic regime in all of Central America right on our Southern border, and that is to me intolerable.

Chairman **Inouye**. When you were instructed to make your charitable contribution to a secret Swiss account, were you convinced this was a covert activity?

Mr. **Coors**. First of all, sir, it was not a charitable contribution. I don't want to classify it as that because I didn't consider it as charitable.

I considered it as a contribution to do something on a humanitarian basis to help people who were struggling for their lives and struggling for freedom.

Chairman **Inouye**. Isn't that a charitable contribution?

Mr. **Coors**. Well, charitable contributions, some very often are taken to be contributions to tax deductible organizations. I knew this was not of that type. Charitable from the standpoint of helping humanity, yes.

Chairman **Inouye**. But it was for a secret project?

Mr. **Coors**. Well, it was—as far as I was concerned I wanted to keep it quiet, my contribution. The purpose of the plane I don't think was a secret in any way. It was certainly not secret when the plane got into the Nicaraguan Freedom Fighters hands. It was not supposed to be used for a secret purpose, sir.

Chairman **Inouye**. Wasn't it strange that you made your payments through a Swiss account?

Mr. **Coors**. Not particularly, because as I expressed to Mr. Jenkins, it seemed to be the simplest way to do it. I suppose I could have sent a check directly to the Maule Air Incorporated.

Chairman **Inouye**. Which you did not.

Mr. **Coors**. Which I did not, yes.

Chairman **Inouye**. You are a sophisticated businessman, the chief operating executive of Coors. What sort of people make Swiss accounts, open up Swiss accounts?

Mr. **Coors**. I haven't any idea. I never opened one up. I don't know of any friends who have them, and I am not generally involved or sophisticated in that area.

Chairman **Inouye**. I thank you very much.

I thank all of you for participating with us this morning. You have been extremely helpful.

Senator Rudman.

Mr. **Rudman**. Thank you, Mr. Chairman.

We all appreciate your testimony this morning, and obviously you are here to give us information. All of you exercised your rights as individual Americans to do what you wished to do and we all understand that.

I want to ask Mrs. Garwood a question because we kind of got a—I guess what I can best describe it as a theory that is legal fiction, not by Mrs. Garwood, but generally floating around that somehow, because you were never asked directly by certain people to give money, that they didn't ask you.

I want to just go through a meeting that hasn't been covered but is covered in your deposition. It was a meeting in Dallas in September 1985, if I'm correct, of the U.S. Council of World Freedom, and Mr. Channell went to that meeting and said to you he wanted to take you to meet Colonel North at the airport following the meeting because Colonel North was going to be coming through Dallas, was going to stop to meet—is that correct?

Mrs. **Garwood**. Yes, sir.

Mr. **Rudman**. Mr. Calero was also at that meeting of the U.S. Council, I believe?

Mrs. **Garwood**. Yes, he was.

Mr. **Rudman**. And Mr. Channell—Mr. North met with you at the airport that day.

Mrs. **Garwood**. Yes.

Mr. **Rudman**. And Mr. North told you of it, according to your deposition, that there was a need for all sorts of things down in Nicaragua, particularly, I believe, possibly trucks and other supplies.

Mrs. **Garwood**. Yes. He told me the terrible news that supplies had arrived but there was no way to transport them. Much of the supplies arrived to feed the starving people of Ethiopia and left on the docks and rotted.

Mr. **Rudman**. And they didn't have trucks to move them with?

Mrs. **Garwood**. That's right.

Mr. **Rudman**. And then Colonel North left and Mr. Channell took you back to your hotel in a cab; is that correct?

Mrs. **Garwood**. Yes.

Mr. **Rudman**. And then essentially within a short time frame after Colonel North telling you, Mrs. Garwood, that trucks were needed, Mr. Channell said to you, Mrs. Garwood, you can help.

Mrs. **Garwood**. Yes, sir.

Mr. **Rudman**. And in fact you did.

Mrs. **Garwood**. Yes, I did.

Mr. **Rudman**. Then and there, you issued a check, or shortly thereafter, for $32,000?

Mrs. **Garwood**. Yes, sir.

Mr. **Rudman**. Where I come from we call that the old one-two punch, is what we call that.

Mrs. **Garwood**. What do you mean by that?

Mr. **Rudman**. Well, I don't speak Texas, but let me see if I can explain it. Colonel North was telling you of a terrible need, knowing that you were a person of some means, but obviously was precluded or thought he was precluded from asking directly for money, but he set forth this dire situation and moments later his friend, who took you to the airport to meet him, coincidentally, ask you for money.

Mrs. **Garwood**. Yes, sir. I think what Colonel North and Mr. Channell both knew mostly about me was not that I had a lot of funds so much as that I was deeply interested in protecting the independence of the United States, and that the target of the Soviets is not really Nicaragua, it's our country, and anything that I could do to help those freedom-seeking people prevent another Cuba down there and Soviet stronghold was really to defend our country.

Mr. **Rudman**. Oh, I agree with you, Mrs. Garwood, sure.

Mrs. **Garwood**. I would easily want to give what I could.

Mr. **Rudman**. Obviously Colonel North was telling you of the sad plight of these people and moments later Mr. Channell would ask you for money and that is what I called the one-two punch.

Mrs. **Garwood**. They didn't have to do a one-two punch with me. They knew I already was so interested and so eager to help—to defend our country that all they had to do was ask me and if I had it, I would give it.

Mr. **Rudman**. OK. I think I've made the point and that is a very good example.

That didn't take place here in Washington; Colonel North made a special stop in Dallas to talk to Mrs. Garwood to tell Mrs. Garwood about the sad plight which we all understand and many of us understand and have supported to help those people in Central America, but then shortly after you were solicited by Mr. Channell, and that to me it's a fiction for anyone to assume that somehow that's not a solicitation. The whole event was a solicitation done by two different people.

Would you disagree with that?

Mrs. **Garwood**. It was clarifying for me beliefs that I already had and showing me how desperate things were. I don't—they practically knew they didn't have to solicit anything from me, that if I could help simply as Mr. Coors has said he wanted to help and Mr. O'Boyle, I didn't actually have to say it, they knew too much of my history to believe anything else. And so they didn't have to solicit. I was more than eager to give.

Mr. **Rudman**. I appreciate that.

Let me turn to Mr. O'Boyle.

Mr. O'Boyle, you are a fairly sophisticated businessman with interesting experience and believed deeply in this cause as many people do. Did you see the scheme that was afoot here where you would be briefed in the White House about all of these terrible problems and then coincidentally would be solicited by someone else?

You say this, as part of a general plan, these were not disconnected events, am I correct?

Mr. **O'Boyle**. I didn't see them as disconnected, obviously.

Mr. **Rudman**. Let me ask both Mr. O'Boyle and Mr. Coors a question. It is the last one I have, Mr. Chairman, because I think the testimony of all three witnesses has been very forthright and complete.

You gave $130,000 for two Maule airplanes, I believe, Mr. O'Boyle, and, Mr. Coors, I believe you gave, was it 60 or 65?

Mr. COORS. Sixty-five.

Mr. RUDMAN. Sixty-five, and that was for Maule airplanes?

Mr. COORS. Yes, sir.

Mr. RUDMAN. Who were those for, Mr. O'Boyle? Who were the airplanes for?

Mr. O'BOYLE. They were to be used in support of the Contras. I don't know exactly who the people were who were flying them.

Mr. RUDMAN. But assuming that somebody owned them, you assumed, I guess, that the Contra, the FDN would own them, that they would have them, didn't you?

Mr. O'BOYLE. I don't know. I don't know if perhaps we had people who were flying them for the Contras, I really don't know.

Mr. RUDMAN. But that was meant to be a donation to help the Contras?

Mr. O'BOYLE. Yes.

Mr. RUDMAN. I assume that was true with you?

Mr. COORS. Yes, it is my understanding the plane was going to be turned over to the Contras for their use in Honduras.

Mr. RUDMAN. Are either of you a bit surprised or were you a bit surprised, if you followed these hearings, to learn that General Secord in his testimony essentially said that those assets have belonged to Lake Resources and not to the Contras, and they were free to do with them what they wanted to do with them, including give them to the CIA or sell them to the CIA.

There is a dispute what they said, but they have the power to dispose of those assets.

Mr. COORS. I hadn't heard that previous to just now, and I'm surprised and shocked that he would say that.

Mr. RUDMAN. How about you, Mr. O'Boyle?

Mr. O'BOYLE. I'm surprised as well.

Mr. RUDMAN. As far as you are concerned, you believed deeply in a cause, you made substantial contributions.

Mr. COORS. I didn't give this money to General Secord. I gave it to the Freedom Fighters in Honduras.

Mr. RUDMAN. I think that is our clear understanding.

I don't have any questions, Mr. Chairman.

I want to say I thank all three for coming.

Mr. Coors, you said, for obvious reasons, you want to keep this I guess a low profile or secret. I think one of the unintended results for Mr. Coors and Mrs. Garwood and Mr. O'Boyle after these hearings is you are going to get an incredible amount of mail from charitable organizations throughout the country because you are three of the most charitable people that I have ever met.

Mr. COORS. We already do get those.

Mr. RUDMAN. I'm sure you do.

Mr. COORS. One of the unfortunate things for me, and my company, is that some people who don't believe in what I did are saying they won't buy Coors beer anymore, which is unfortunate.

Mr. RUDMAN. Well, I can't believe that, Mr. Coors.

Thank you very much.

Chairman HAMILTON. Mr. Cheney.

Mr. CHENEY. Let me assure you, I'll buy nothing but Coors beer. I want to thank the witnesses for their testimony here today, and I have no questions.

Mr. NUNN. I have one line of questioning here. It will not take but just a few minutes. I would like to ask Mr. Coors and Mrs. Garwood whether you have ever been the recipients of classified information or secret information from the Federal Government?

Mr. COORS. I happen to have a secret clearance, so I have received over the years—over the last 20 or 25 years, I have received a good deal of documents, secret documents. I understand the preservation and so forth. I have not received any or seen anything of Colonel North's, from Colonel North.

Mr. NUNN. You haven't received anything about Central America?

Mr. COORS. I have not, no.

Mr. NUNN. From anyone?

Mr. COORS. I would have no need to know, and I think the clearance procedure is such you are supposed to have a need to know.

Mr. NUNN. You are supposed to have a classification clearance plus need to know?

Mr. COORS. I have the classification clearance.

Mr. NUNN. You keep a classification clearance; is that right?

Mr. COORS. That is correct.

Mr. NUNN. In what status—what status is that?

Mr. COORS. As an executive of our companies—our Coors portion of the company, particularly, is involved in classified work for the government on a fairly regular basis.

Mr. NUNN. So, it is a need to know related to your company activities?

Mr. COORS. That is right.

Mr. NUNN. But you haven't received anything from any government official about Central America?

Mr. COORS. I have not.

Mr. NUNN. Mrs. Garwood, can I ask you the same question?

Have you received any classified or secret information from any governmental official regarding Central America or any other subject?

Mrs. GARWOOD. No, sir, I have not.

Mr. NUNN. The briefings you went to in the White House, you did not receive classified information, to your knowledge?

Mrs. GARWOOD. No, sir.

Mr. NUNN. Mr. O'Boyle, let me ask you a few questions following up on Senator Inouye's questions.

When did this classified briefing occur that you have alluded to?

Mr. O'BOYLE. Again, I am not sure whether it is correct to describe it as a classified briefing.

Mr. NUNN. The secret information you were receiving, whatever term you would like to use.

Mr. O'BOYLE. When—April 29, 1986.

Mr. NUNN. April 29, 1986.

Where did that occur?

Mr. O'BOYLE. At Colonel North's office in the White House.

Mr. NUNN. Who was present there?

Mr. O'BOYLE. Myself and Colonel North.

Mr. NUNN. Just the two of you?

Mr. O'BOYLE. Yes. At the beginning of the meeting Mr. Channell was there, and then Mr. Channell left, and Colonel North and I continued to meet together.

Mr. NUNN. Was Mr. Channell there when the secret information was being discussed?

Mr. O'BOYLE. No.

Mr. NUNN. You are sure of that?

Mr. O'BOYLE. Yes.

Mr. NUNN. So, he had left before that discussion took place?

Mr. O'BOYLE. Yes.

Mr. NUNN. And was Colonel North dealing with written material? Did you see any written material?

Mr. O'BOYLE. There was a map.

Mr. NUNN. Did it have anything stamped on the map like "secret"?

Mr. O'BOYLE. I don't remember.

Mr. NUNN. Did you look at the map?

Mr. O'BOYLE. Yes.

Mr. NUNN. Was the map on a desk or on the wall? Where was it?

Mr. O'BOYLE. It was on the wall.

Mr. NUNN. Did he say that the map was secret?

Mr. O'BOYLE. No.

Mr. NUNN. What did you understand was secret?

Mr. O'BOYLE. Well, I asked him, "What is the plan in Nicaragua? What is our plan? Why are we raising all of this money? What is going on here?"

And he proceeded to outline the plan for me.

Mr. NUNN. Was he referring to anything in writing when he outlined that plan?

Mr. O'BOYLE. No.

Mr. NUNN. So, it was oral.

Mr. O'BOYLE. Yes.

Mr. NUNN. And was the plan the U.S. Government plan, or was it the Contra plan, or was it both?

Mr. O'BOYLE. I assumed that it was the U.S. Government's plan.

Mr. NUNN. It related to the U.S. Government's planning in Nicaragua and Central America?

Mr. O'BOYLE. Yes.

Mr. NUNN. Did it relate to political matters or military matters or both?

Mr. O'BOYLE. Both.

Mr. NUNN. So, it did have military matters involved?

Mr. O'BOYLE. Yes.

Mr. NUNN. Did it relate to Pentagon planning, Department of Defense, CIA, one, either, both?

Mr. O'BOYLE. I would say it related to the Pentagon. It would probably involve all of those.

Mr. NUNN. Both of those organizations?

Mr. O'BOYLE. The Pentagon and the CIA?

Mr. NUNN. Yes.

Mr. O'BOYLE. I would say so, yes.

Mr. NUNN. Did he give you any names of people involved?

Mr. O'Boyle. No, he didn't refer to people in the Pentagon or in the CIA. He described an overall and political and military plan.

Mr. Nunn. So, it was an overall—did he ask you at any time whether you had any kind of security clearance?

Mr. O'Boyle. No.

Mr. Nunn. Did you volunteer whether you had or not?

Mr. O'Boyle. No.

Mr. Nunn. Do you have a security clearance?

Mr. O'Boyle. Not currently, no.

Mr. Nunn. You have had one that is not current?

Mr. O'Boyle. Yes.

Mr. Nunn. Were you in the military?

Mr. O'Boyle. Yes.

Mr. Nunn. And when was that security clearance last validated?

Mr. O'Boyle. 1965.

Mr. Nunn. So, you haven't had one since 1965?

Mr. O'Boyle. That is right.

Mr. Nunn. He never mentioned that, and you never mentioned that?

Mr. O'Boyle. That is right.

Mr. Nunn. Did he tell you anything about revealing this information to anyone else?

Mr. O'Boyle. Yes. He said that this was very, very secret information; I should not reveal it to anyone else.

Mr. Nunn. So, he said it was very, very secret.

Mr. O'Boyle. Yes.

Mr. Nunn. And you assumed from that it was classified information?

Mr. O'Boyle. Yes?

Mr. Nunn. Did he tell you what category of classification it was? Did he ever mention top secret or code word or secret or confidential?

Mr. O'Boyle. No, he didn't.

Mr. Nunn. Or no foreigners or anything of that nature?

Mr. O'Boyle. No.

Mr. Nunn. So, very, very secret is the best description he gave you?

Mr. O'Boyle. Yes. The way he put it was, "You can't tell this to anybody."

Mr. Nunn. "You can't tell this to anybody."

Did you ever discuss it with anyone else until these hearings?

Mr. O'Boyle. I discussed it with my attorney, and I discussed it in my deposition.

Mr. Nunn. You discussed it with your attorney privately?

Mr. O'Boyle. Privately. And in my deposition.

Mr. Nunn. Who is your attorney?

Ms. Schwartz. I am.

Mr. O'Boyle. And with the special prosecutor.

Mr. Nunn. Did you discuss the substance with your attorney?

Mr. O'Boyle. Yes.

Mr. Nunn. Has your attorney got a clearance?

Ms. Schwartz. No.

Mr. O'Boyle. Not to my knowledge.

Mr. **Nunn**. So, you have discussed it with someone who did not have a clearance.

Mr. **O'Boyle**. I don't have a clearance.

Mr. **Nunn**. You figured if you don't, it doesn't matter from that point on?

Mr. **O'Boyle**. I figured my attorney—I've got to be able to talk to somebody, and my attorney's relationship is privileged.

Mr. **Nunn**. Thank you Mr. Chairman.

Mr. **Coors**. Senator Nunn, it slipped my mind. As civilian aide to the Secretary of the Army, we have meetings once a year of all the CASAs in Washington. I am secretary for the Sixth Army. I go out to the Presidio often, and in some of those conferences, we do have secret briefings.

Mr. **Nunn**. That is in connection with your official duties.

Mr. **Coors**. In connection with my official duties as a civilian aide to the Secretary.

Mr. **Nunn**. Thank you very much. I appreciate that clarification.

Mr. O'Boyle, did you tell anyone about this information other than the prosecutors—people involved in the investigation on the committee, the staff and so forth and your attorney?

Mr. **O'Boyle**. No.

Mr. **Nunn**. Did you tell your wife?

Mr. **O'Boyle**. No.

Mr. **Nunn**. No children. No family.

Mr. **O'Boyle**. No.

Mr. **Nunn**. The only person you told outside the chain of investigators was your attorney?

Mr. **O'Boyle**. That is right.

Mr. **Nunn**. I assume your attorney is the only person you told that you know of that did not have a clearance?

Mr. **O'Boyle**. Yes, that is right. And the grand jury for the special prosecutor.

Mr. **Nunn**. The grand jury?

Mr. **O'Boyle**. It is our system, Senator.

Mr. **Nunn**. Did anyone ask you whether you were revealing classified information to the prosecutor before you gave it to the grand jury?

Mr. **O'Boyle**. I had told the prosecutors that this was—what Colonel North told me, but then they put the question to me and I was required to answer.

Mr. **Nunn**. So the special prosecutor, did he ask you whether this was classified information before hand?

Mr. **O'Boyle**. I don't know myself whether it is classified. It was told to me this was most secret, I couldn't tell anyone, but he didn't say this was secret—this was top secret. He didn't lay it out for me that way.

Mr. **Nunn**. Mr. Chairman, this goes back to the old saying, "He can keep a secret. It is the folks he tells we are worried about." I think that is a little lesson on how things spread in the classified world.

Mr. O'Boyle, thank you very much. Thank all of you for being here, Mr. Coors, Mrs. Garwood.

Chairman **Hamilton**. Mr. Fascell.

Mr. **Fascell**. Thank you, Mr. Chairman.

Are you now, or have you ever been a contractor for the U.S. Government?

Mr. O'Boyle. No.

Mr. Fascell. In your determination to assist the country with respect to this matter as a patriotic gesture, you wouldn't abdicate setting aside the laws of the country or the Constitution of the United States, would you?

Mr. O'Boyle. No.

Mr. Fascell. Everything you would want to do, you would want it to be constitutional and within the law, would you not?

Mr. O'Boyle. Yes.

Mr. Fascell. Mr. Coors, you have a security clearance because you are a civilian aide to the Secretary of the Army at the present time, and you are also a contractor for the U.S. Government.

Mr. Coors. Yes, I am a member of the board of an organizations contractor.

Mr. Fascell. And your security clearance is current?

Mr. Coors. Yes, it is.

Mr. Fascell. Now, you went to Bill Casey, your friend, at the time you were approached about helping out your country to get advice from Bill Casey as to whether or not this was the right thing to do.

That is what I understood you to say.

Mr. Coors. I don't think I asked him whether it was the right thing to do because I was convinced what I intended to do and wanted to do was entirely legal and constitutional.

Mr. Fascell. That is not what I meant, I'm sorry.

Mr. Coors. I asked him for advice as to what I could do.

Mr. Fascell. I see. Well, he was a good lawyer.

Mr. Coors. Yes, he was.

Mr. Fascell. Did you ask him whether or not the U.S. Government was really behind this particular request?

Mr. Coors. What request?

Mr. Fascell. Whatever it is that you were going to do?

Mr. Coors. They didn't make any request of me, sir.

Mr. Fascell. Whatever it as you wanted to do?

Mr. Coors. No, I did not ask him that.

Mr. Fascell. He didn't volunteer?

Mr. Coors. He didn't volunteer.

Mr. Fascell. Why did he send you to Colonel North?

Mr. Coors. Because he was a friend, and I wanted to do something and he said this is the person to go to get it done.

Mr. Fascell. You went to Ollie North's office in the White House and cut the deal?

Mr. Coors. Yes.

Mr. Fascell. OK.

You never got in any political conversations with Ollie North about how important it was to get the President's programs adopted and get rid of some of these Congressmen that didn't agree with him?

Mr. Coors. Not from that latter angle. I got to know North over a number of meetings and situations, and I have talked to him certainly about the political aspects of Nicaragua.

Mr. Fascell. I just meant domestic politics.

Mr. Coors, I just wondered whether he, or Channell, or Miller, or any of those guys, had gotten to you about how important it was to get some money into the political campaign with regard to the President's program and working on the Congress to vote right?

Mr. **Coors**. North never brought up the question of political funds.

I don't know Mr. Channel and these other people and so I never discussed the politics of trying to get certain kinds of people elected to the Congress. I do that in other areas.

Mr. **Fascell**. Yes. Right. I understand that.

I was going to say you have enough routes without having to rely on that organization.

Let me ask Mrs. Garwood now, you are not a government contractor, are you by any chance?

Mrs. **Garwood**. No, Mr. Chairman.

Mr. **Fascell**. You don't have a security clearance?

Mrs. **Garwood**. No, sir.

Mr. **Fascell**. OK.

Now, in your strongly held rationale with respect to helping the U.S. Government do what you feel is necessary to keep the Communists from overrunning the United States, you would not want to set aside the Constitution of the United States, and you would want to do everything within the law; would you not?

Mrs. **Garwood**. Certainly.

Mr. **Fascell**. Now, all of your contributions have been very carefully followed, except I didn't hear, maybe I missed, but there were three in 1986, Mrs. Garwood. One for $50,000, one for $41,000, and another for $30,000. That was February and March of 1986, and I just wondered if you could tell us from your notes what those contributions were for?

Mrs. **Garwood**. If they were to NEPL, which I suppose they were, they were for humanitarian aid to the Nicaraguan Democratic Resistance. If they were made out to the American Conservative Trust, they could have been for some political activities, because that is a non—it is not tax deductible.

Mr. **Fascell**. Do you recall a conversation with Mr. Channell about withdrawing some funds from NEPL and then making those funds available to ACT or ATAC?

Mrs. **Garwood**. Mr. Channell called me and said that they had some surplus funds in NEPL, and would I be willing to have him refund some of the money I had given to NEPL and let him put it into the American Conservative Trust; and I told him, yes.

Mr. **Fascell**. Now on the political activity that you were discussing, Channell was discussing with you the necessity for having some money to buy some newspaper ads?

Mrs. **Garwood**. Yes. He was always buying newspaper ads.

Mr. **Fascell**. And it had to do with the current program before the Congress?

Mrs. **Garwood**. Some of them did, yes.

Mr. **Fascell**. Did Ollie North discuss this with you?

Mrs. **Garwood**. Never.

Mr. **Fascell**. He didn't call you and urge you to make a contribution to ACT or ATAC?

Mrs. **Garwood**. Colonel North would never have done that.

Mr. **Fascell**. So if there is any testimony anywhere about a telephone call from Ollie North, that testimony is incorrect?

Mrs. **Garwood**. There was no telephone call from Colonel North.

Mr. **Fascell**. And Channell and North and Miller never met with you on any one occasion with respect to the funding that they felt was absolutely essential to carry on the political program?

Mrs. **Garwood**. No, sir. I don't even know who Mr. Miller is.

Mr. **Fascell**. And you remember no specific contribution going to ACT except the so-called surplus money?

Mrs. **Garwood**. There was a contribution to ATAC—ACT—no. I think this—I think I did make some other contributions to ACT in the beginning, in 1984.

Mr. **Fascell**. OK.

Thank you very much.

Chairman **Inouye**. I wish to advise the panel that in deference to the witnesses, we wish to conclude the questioning before the luncheon recess. So I hope you will keep that in mind.

Senator Hatch.

Mr. **Hatch**. Thank you, Mr. Chairman.

I want welcome all three of you here with your counsel. You are all honorable, patriotic, decent Americans.

We appreciate the difficulty you find yourselves in here today. I am sorry you are embroiled in this affair, but I want you to personally know that I appreciate your intentions and what you were trying to do. I just want you to know that.

Mrs. Garwood, Mr. O'Boyle, let me just ask each of you a question just so it is clear in my mind.

Was Mr. Channell's organization, the National Endowment for the Preservation of Liberty, every represented as being an official organ or organization of the U.S. Government? To either of you?

Mrs. **Garwood**. Never.

Mr. **O'Boyle**. No. Never was.

Mr. **Hatch**. Did you perceive the National Endowment for the Preservation of Liberty as a private organization?

Is that the way you perceived it?

Mr. **O'Boyle**. Yes.

Mr. **Hatch**. Is that true, Mrs. Garwood?

Mrs. **Garwood**. Yes, sir.

Mr. **Hatch**. As a purely private organization?

Mrs. **Garwood**. Yes.

Mr. **Hatch**. Mrs. Garwood, am I correct in my feeling that you remain committed to this today to your—to the support of the Nicaraguan Freedom Fighters?

Mrs. **Garwood**. Yes, sir.

Mr. **Hatch**. Mr. O'Boyle?

Mr. **O'Boyle**. Yes.

Mr. **Hatch**. You do? Even though the methods used in the fundraising in this particular instance, these efforts, may have been inappropriate, it seems to me that does not eliminate the need for America to support these Freedom Fighters in their fight for democracy. Would you agree with that?

Mr. **O'Boyle**. I certainly would.

Mrs. **Garwood**. Yes, sir.

Mr. **Hatch**. In your meeting with the President, Mrs. Garwood, did the President indicate in any way that he knew of the amount of your contributions?

Mrs. **Garwood**. No, he did not.

Mr. **Hatch**. Did the President indicate that he knew of Mr. Channell's representation that the donations would be tax deductible?

Mrs. **Garwood**. No, sir, he did not.

Mr. **Hatch**. He did not?

Mrs. **Garwood**. In fact, my reason for meeting with the President had nothing to do with donations to the Channell organization.

Mr. **Hatch**. I just wanted to make sure this is clear. Did the President know you were being asked to purchase arms?

Mrs. **Garwood**. No, sir.

Mr. **Hatch**. OK. We have known each other for a long time and have a great deal of respect for you and Holly, your wife. I admire you greatly.

Mr. **Coors**. Thank you, Senator.

Mr. **Hatch**. As you well know, but I would like to ask you basically one question.

Do you personally feel that there is anything wrong with private American citizens giving financial support for Freedom Fighters in Nicaragua?

Mr. **Coors**. I do not, no.

Mr. **Hatch**. You do not. Mr. O'Boyle, you did not meet with the President; is that right?

Mr. **O'Boyle**. That is correct.

Mr. **Hatch**. As far as you know, even though Colonel North said you have to keep this secret from everybody, you don't know whether that was classified or not, the information he gave you?

Mr. **O'Boyle**. That is right.

Mr. **Hatch**. OK. Now the statements Mr. Channell made to you regarding the President's meeting with persons who contributed a great deal of money does concern me. And I want you to know that. Do you have any knowledge as to whether or not the President knew that his name was being used in that way?

Mr. **O'Boyle**. I don't have any personal knowledge of that.

Mr. **Hatch**. OK. Mrs. Garwood, you didn't see anything wrong with donating your own private funds to support the Freedom Fighters, did you?

Mrs. **Garwood**. No, sir. As I understand it, there is no prohibition for private funds being donated. Public funds, yes. But not private funds.

Mr. **Hatch**. To you, you were supporting really a policy against communism in this hemisphere, as you have expressed it here. Really a policy your father articulated when he supported the Marshall Plan?

Mrs. **Garwood**. Yes, sir.

Mr. **Hatch**. You fervently believe in that policy, then?

Mrs. **Garwood**. Yes. He even pointed out, and I would like to say this, because I left it out, that the—in every country in the eastern hemisphere and most of the countries of the western hemisphere, Russia was boring from with in. He put that in. And he said this is a new technique, this boring from within with which we have not yet learned to cope and we must cope with it and quickly, or face the greatest peril of our history. So I feel that whenever I see biased newspaper reports in favor of the Communist Nicaraguans or hear that sort of talk on television. I feel this is boring from within.

Mr. HATCH. Well, I want to thank each of you. I think the real pathetic part of this is that none of you would ever have had to contribute had we Members of Congress supported the Freedom Fighters down there in their cause against oppression that really is occurring in Nicaragua.

So I just want to personally thank you again for coming. I appreciate having you here.

Mr. COORS. Thank you, Senator.

Chairman HAMILTON. Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Chairman, I would like to pose an inquiry to the chair. In light of the questions posed to Mr. O'Boyle by Senator Nunn, and the answers supplied relative to his questions, it would appear to me that there is no basis for us to assume that the information elicited from the witness is classified information.

There does not appear to have been any classified document, nothing was stamped. It would be my intention to pose several questions to the witness with reference to the so-called secret plan, and I would ask for a ruling from the chair that this line of questioning would be proper.

Chairman INOUYE. Please proceed, sir.

Mr. STOKES. Thank you.

Mr. O'Boyle, you had made the inquiry yourself of Mr. North as to what was the plan for Nicaragua; is that correct?

Mr. O'BOYLE. That is correct.

Mr. STOKES. And then in response to that, he then said to you something to the effect that he would share it with you, but it was really a secret; is that correct?

Mr. O'BOYLE. Yes.

Mr. STOKES. After that, what did he then say?

Mr. O'BOYLE. Are you requiring me to answer that?

Mr. STOKES. Yes, sir.

Mr. O'BOYLE. He said that there were two—or there was one plan that had two different—there were two plans in one, so to speak.

One would be implemented if Congress approved the money last year for the Contras. One would be implemented if Congress did not approve the money.

They involved the Nicaraguan Contras seizing a part of Nicaragua, establishing a provisional capital, a provisional government, and the U.S. Navy going down, blockading the country, preventing the supplies coming in from Cuba to support the Sandinistas, and at that point, supposedly, the Sandinistas would fall and the Contra government would come into power and then Nicaragua would be restored to democracy.

And if the Congress did approve the money, this would happen on a slower time scale, giving the Contras more time to consolidate their position. If they did not approve the money, it would happen on a shorter time scale which would be something of a desperation move, but kind of a last ditch effort, you might say, on the part of the Contras. That was the plan.

Mr. **STOKES**. Did he say anything in terms of the plan of any involvement by the United States or its forces?

Mr. **O'BOYLE**. Yes. He indicated that part of the plan would involve having our Navy go down and blockade the country.

Mr. **STOKES**. Is this your best recollection of the entire plan?

Mr. **O'BOYLE**. Yes, it is.

Mr. **STOKES**. And after he told you about the plan, did you say anything further to him?

Mr. **O'BOYLE**. We discussed one or two other matters that I have already reviewed here with you, but nothing else about that particular plan.

Mr. **STOKES**. So that in essence was it?

Mr. **O'BOYLE**. Yes.

Mr. **STOKES**. Thank you very much, Mr. O'Boyle.

Thank you, Mr. Chairman.

Chairman **INOUYE**. I think it should be noted that this is what Colonel North told Mr. O'Boyle, that no documents with the classified indicators placed thereupon were used for this briefing; isn't that correct?

Mr. **O'BOYLE**. Only a map was used.

Chairman **INOUYE**. You don't——

Mr. **O'BOYLE**. I don't recall that it was classified.

Chairman **INOUYE**. Therefore, you are not certain whether the map itself was classified?

Mr. **O'BOYLE**. I don't think it was.

Chairman **INOUYE**. Thank you, sir.

Senator Sarbanes?

Mr. **SARBANES**. Thank you, Mr. Chairman. I want to be clear on one point. Mr. Coors, I take it you do not know Mr. Channell; is that correct?

Mr. **COORS**. To the best of my knowledge, I do not.

Mr. **SARBANES**. So your contribution really was as a consequence of your discussion with Director Casey and your subsequent meeting with Colonel North?

Mr. **COORS**. That is correct.

Mr. **SARBANES**. Mr. O'Boyle, I take it your encounters—and I use an encounter to embrace meetings that perhaps were in sequence or very close to one another, involved invariably—invariably involved both Mr. Channell and Colonel North; is that correct?

Mr. **O'BOYLE**. Yes. Yes. That is correct.

Mr. **SARBANES**. In a sense, they were a team? They might not have been there for both meetings, and maybe Channell took you to North and then you met with North and subsequently you would meet with Channell, but in a sense they worked as a team?

Mr. **O'BOYLE**. In a sense, yes.

Mr. **SARBANES**. Mrs. Garwood, is that true in your instance as well with respect to Mr. Channell and Colonel North?

Mrs. **GARWOOD**. I would say that is a fairly accurate description.

Mr. **SARBANES**. And these meetings took place, these briefings you had took place in the—in Colonel North's office in the Executive Office Building? Is that correct?

Mrs. **Garwood**. Yes, Senator.

Mr. **Sarbanes**. And elsewhere, did you have briefings elsewhere?

Mrs. **Garwood**. Yes. In the White House itself. You know, the briefing I described where Colonel North and Elliott Abrams and the President spoke was in a room in the White House.

Mr. **Sarbanes**. Do you know where that was in the White House?

Mrs. **Garwood**. I couldn't tell you. I'm sorry.

Mr. **Sarbanes**. Mr. O'Boyle? The briefings you received, where did they take place?

Mr. **O'Boyle**. There was one meeting in the White House—I mean in the Old Executive Office Building of the White House. Then another one with Colonel North in the same building, in his office. I met with him one other time, two other times away from the Old Executive Office Building.

Mr. **Sarbanes**. In Washington?

Mr. **O'Boyle**. Yes.

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Hyde?

Mr. **Hyde**. I'd like the record to show I have no questions.

Chairman **Hamilton**. I thank the gentleman.

Mr. Courter?

Mr. **Courter**. Thank you, Mr. Chairman.

Mr. O'Boyle, very quickly, and we are going to go once again to this area of secret or nonsecret, when you had the conversation with Oliver North and he said he was going to show you something that was very secret, did he say it was a secret or did he say it was classified, some way secret?

Mr. **O'Boyle**. As I recall, he said it was—the way he said it was you can't tell anybody about this.

Mr. **Courter**. Did he indicate to you that it was classified as top secret, secret, no foreign intelligence, code word, black program?

Mr. **O'Boyle**. No. No.

Mr. **Courter**. You said he showed you a map. That was the only document he showed you?

Mr. **O'Boyle**. Yes.

Mr. **Courter**. He indicated, or you did not see on that document any type of classification designated thereon?

Mr. **O'Boyle**. No.

Mr. **Courter**. How large was the map?

Mr. **O'Boyle**. It was a wall map. Perhaps 3 feet by 5 feet.

Mr. **Courter**. What did it show?

Mr. **O'Boyle**. It showed Nicaragua.

Mr. **Courter**. Is that—did it appear to be a classified map, with classified information on it?

Mr. **O'Boyle**. No.

Mr. **Courter**. So he didn't show you anything to your knowledge that was, in fact, designated classified?

Mr. **O'Boyle**. That's right.

Mr. **Courter**. You did not see any other written thing besides a wall map and on the map was Nicaragua and Central America?

Mr. **O'Boyle**. That's right.

Mr. **Courter**. Thank you very much.

It was secret, therefore, because he said don't tell anybody?

Mr. **O'Boyle**. Yes.

Mr. COURTER. And for all you know, it may not have been classified one way or the other?

Mr. O'BOYLE. That's correct.

Mr. COURTER. Thank you, Mr. O'Boyle.

Mrs. Garwood, did anybody from the U.S. Government show you anything that was designated classified?

Mrs. GARWOOD. No, sir. They did not.

Mr. COURTER. Mr. Coors, did anybody from the U.S. Government show you anything with respect to these transactions that was designated classified?

Mr. COORS. Not with respect to these transactions, but we have had classified briefings on Central America through the army.

Mr. COURTER. You've testified to that before?

Mr. COORS. No. I just earlier answered a question to Senator Nunn in that respect.

Mr. COURTER. Thank you very much.

I have no further questions.

Chairman INOUYE. Senator Cohen?

Mr. COHEN. A couple of quick points. Just to follow up on what Senator Hatch said, I take it none of you feel it is appropriate for private citizens to buy handgrenades and take a tax deduction; is that correct?

Mrs. GARWOOD. Did you ask me?

Mr. COHEN. All three of you.

Mr. COORS. I did not take a tax deduction; so it didn't apply.

Mr. COHEN. Yes, sir, I assume that is correct that you would not think it appropriate to be purchasing weapons and ammunition and taking tax deductions?

Mrs. GARWOOD. Senator, we have amended that, and so there is no tax deduction.

Mr. COHEN. Same with you Mr. O'Boyle?

Mr. O'BOYLE. I haven't taken a tax deduction.

Mr. COHEN. And you wouldn't think it appropriate to do so?

Mr. O'BOYLE. I would have to advise with my counsel on that.

Mr. COHEN. Second point, Mr. O'Boyle. Oliver North told you the purpose of the aid that was either coming privately or through Congress was to in essence topple the Sandinista Government? Isn't that what you just testified to?

Mr. O'BOYLE. Yes, in a sense.

Mr. COHEN. That was what you were told to keep secret?

Mr. O'BOYLE. The plan I was told to keep secret.

Mr. COHEN. The plan was?

Mr. O'BOYLE. The plan involved toppling the Sandinistas, yes.

Mr. COHEN. One final question.

Mrs. Garwood, you indicated on the White House there was a meeting on January of 1986 and that Elliott Abrams was present at that time?

Mrs. GARWOOD. Yes, sir.

Mr. COHEN. The briefing took about an hour and a half?

Mrs. GARWOOD. Something like that.

Mr. COHEN. President Reagan only spoke a few moments at the very end?

Mrs. GARWOOD. Yes, sir.

Mr. **Cohen**. So most of the briefing was conducted, I take it, by either Colonel North or Elliott Abrams?

Mrs. **Garwood**. Yes.

Mr. **Cohen**. That's all I have. Thank you.

Chairman **Hamilton**. Mr. DeWine.

Mr. **DeWine**. I have no questions, Mr. Chairman.

Chairman **Inouye**. Senator Heflin.

Mr. **Heflin**. Do any of the three of you in any of the conversations with any of the participants that brought about your contributions—was it ever discussed with you in any way that any of your moneys, if not used for the purposes that they say it could be used as a reserve for—a reserve fund in relationship to hostages and Iran?

Mr. **Coors**. No discussion as far as I was concerned ever with the Iranian situation.

Mrs. **Garwood**. No, I never understood anything like that.

Mr. **O'Boyle**. Nor me.

Mr. **Heflin**. Mr. Coors, you and Mr. O'Boyle gave specific contributions for the purchase of Maules?

Mr. **Coors**. Correct.

Mr. **Heflin**. You were told it was $65,000 for each Maule?

Mr. **Coors**. Yes.

Mr. **Heflin**. Did you ever check to see whether or not there was a markup on that price or not?

Mr. **Coors**. That was the price that was listed on the Maule catalog.

Mr. **Heflin**. Now, according to the testimony that we have had here, there are eight airplanes that are involved in the airlift, air service to the Contras in the Central American region. Four of those are Maules.

Supposedly, from what you told, you would assume that three of those Maules came from you, but if there was testimony that in the diversion of profits from the arms sales to Iran that money was purchased for those planes, then either you—it had been misrepresented or the money—as it had been applied in some other manner.

Now, I want to ask you this: did any way at all in this, did you give any directions that any of your moneys, if it was not used for the purchase of Maules, could be used as a reserve fund in the future pertaining to the release of hostages in which Iranians would be involved?

Mr. **Coors**. Senator, I made a very specific request, and I was told it was followed that the moneys I gave would be used to purchase a Maule.

Subsequently, I have seen a picture of that plane. It was indicated to me that that was bought with my funds. The question of Iran wasn't even in existence at the time that I made that contribution. There was no Iranian situation or hostage situation at that time.

Mr. **Heflin**. Well, I am just interested in trying to compare testimoneys as to how moneys came for the Maules and the reserve and whether money is being directed to right sources. That is the purpose of my inquiry.

Mr. **Coors**. If the funds went into the Lake Resources account, I suppose they could have done anything they wanted with it. But this was not in accordance with the instructions that I gave, certainly, and not in accordance with my wishes.

Mr. **Heflin**. Were you shown, Mr. O'Boyle, any pictures of the Maules that you purchased?

Mr. O'**Boyle**. No, I wasn't. No, sir.

Mr. **Heflin**. That is all.

Chairman **Inouye**. Senator Trible.

Mr. **Trible**. Thank you, Mr. Chairman.

Mr. O'Boyle, you testified in your deposition and again here today, I believe, that Colonel North showed you photos that appear to be Nicaraguan governmental officials involved in drug operations; is that correct?

Mr. O'**Boyle**. Yes.

Mr. **Trible**. What precisely did Colonel North tell you about these pictures?

Mr. O'**Boyle**. Well, he showed me the pictures, and they were pictures taken, as I recall, at an airport. It showed one of the—I think it was one of the cabinet-level ministers of the Nicaraguan Government involved in a dope smuggling operation.

Mr. **Trible**. Did Mr. North indicate to you where he had obtained those photos?

Mr. O'**Boyle**. No.

Mr. **Trible**. Did he at any time indicate the photos had been obtained as part of the DEA investigation or operation?

Mr. O'**Boyle**. Well——

Mr. **Trible**. Drug Enforcement administration?

Mr. O'**Boyle**. No.

Mr. **Trible**. Did he indicate at any time that the photos had been given to him by the CIA?

Mr. O'**Boyle**. No.

Mr. **Trible**. You can remember nothing else then about that conversation, those photos?

Mr. O'**Boyle**. Those particular drug photos? No.

Mr. **Trible**. Mrs. Garwood, a final question. This is what lawyers might style a friendly question.

I am struck by your incredible generosity to good causes and that of Mr. Coors and Mr. O'Boyle. I wondered if you might provide your correct address and telephone number to all the members of the committee before you leave——

No further questions, Mr. Chairman.

Mr. **Coors**. Is that a matter of record, Senator?

Chairman **Inouye**. Senator Mitchell?

Mr. **Mitchell**. Mr. O'Boyle, following your meeting with Colonel North and his description of the secret plan, did you understand that to be a plan of the U.S. Government?

Mr. O'**Boyle**. Yes.

Mr. **Mitchell**. Did you understand it to have been a plan that had already been approved or adopted in some form, when he said we have a plan?

Mr. O'**Boyle**. Yes. I didn't know exactly how the plan was to be implemented or whether it had been approved or not.

Mr. **Mitchell**. You understood it to be a plan of the U.S. Government, but you did not know whether or not it had already been approved and was then merely to be placed in execution or it was a plan to be considered by the government at some future time?

Mr. O'BOYLE. Yes.

Mr. MITCHELL. Who did you understand Colonel North to be referring to when he said to you "we have a plan?"

Mr. O'BOYLE. Well, he was a member of the National Security Council.

Mr. MITCHELL. Yes.

Mr. O'BOYLE. A member of the Executive Branch. He said, "This is the plan." I assume he meant this was the executive plan.

Mr. MITCHELL. This was a plan of the President and the administration which Mr. North was serving. Would it be a fair inference to conclude that?

Mr. O'BOYLE. It would be an inference, but that is what I concluded.

Mr. MITCHELL. It is?

Thank you very much, Mr. O'Boyle.

Thank you, Mr. Chairman. No further questions.

Chairman INOUYE. Mr. McClure?

Mr. MCCLURE. Thank you, Mr. Chairman.

I do want to echo the comments made by my friend, Senator Hatch and others. The Coors are friends of mine and have been for many years. We have been political allies in many a political struggle. God willing, we will be political allies in future struggles, as well.

Mr. COORS. I hope so.

Mr. MCCLURE. I am not acquainted with the other witnesses, but I do appreciate the willingness of all three to be involved as good American citizens ought to be in the affairs of their government in a political sense and in the affairs of their government with respect to other occurrences that may bear upon the future security of the United States. And I share with you the conviction that indeed the Soviet penetration of Central America is a very grave danger to this country.

I don't mean to make a political speech here, but there has been some aspersions cast at some points that perhaps those of you who are concerned about that are somehow zealots of some kind.

Now, if Soviet penetration of this hemisphere was not a danger; there is no reason for Congress to have taken the several actions that it has taken with respect to several resolutions with respect to Cuba, as an example.

There would be no reason for the late Senator Church, my senior colleague from Idaho, to have on the eve of his reelection campaign in 1980 to have breached the security rules of the United States perhaps, but to have revealed that there was a red brigade in Cuba.

Certainly a very not veiled reference to the dangers that that would have to the United States and the implications it would have for our policies.

So I think those of you who are really concerned about Soviet expansion throughout the world and their expansion within our hemisphere are to be—far from being subject to condemnation, you ought to be commended, and I do.

I think perhaps Congressman Stokes' questions, with respect to the secret plan, have laid to rest whatever innuendo may have been circulating around this room with respect to that prior to the questions by Congressman Stokes, but I have got a lot of secrets. Some I have even shared with my wife and they are still secrets.

I have a lot of secrets that I have shared, some with my campaign workers, my campaign organization, and to the best of my knowledge, they are still secrets within that circle.

There are lots of different secrets we all have and to say somehow to raise the—the inference that somehow there was something wrong with having been told a secret certainly flies in the face of human experience.

I would also like to express, because another expression has been made today, that I don't regard it as necessarily a criminal violation or a violation of the Boland Amendment for members of the Executive Branch to have shared information with people who might be similarly motivated by a concern about what is happening in Nicaragua.

And I don't want for myself to have it inferred on the basis of this panel that somehow because Colonel North may have shared information with people who were then approached by Mr. Channell for contributions that that necessarily means that Colonel North has violated a law. That is for a different forum at a different time under different circumstances to make that determination.

This panel is not a criminal prosecutor or a defender, and I make these remarks only from the standpoint that I think it is important that we remember what the mission of this panel is.

I suggested kind of quietly a moment ago after some of the questions had been asked, I suspect members of this panel will be indicted for fishing without a license.

Thank you very much, Mr. Chairman.

Chairman INOUYE. Chairman Hamilton.

Chairman HAMILTON. Thank you. I have no questions. I want to thank Mrs. Garwood, Mr. O'Boyle, and Mr. Coors for their appearance today. We appreciated it very much.

Chairman INOUYE. I wish to join my cochairman in thanking all of you for voluntarily participating in this investigation.

Thank you very much.

The panel will stand in recess until 2:30 this afternoon at which time General Singlaub will be the witness.

[Whereupon, at 1:03 p.m., the Select Committees recessed, to reconvene at 2:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:40 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The joint committee will please come to order. We will resume the testimony of General Singlaub.

I call upon Mr. Van Cleve.

CONTINUED TESTIMONY OF JOHN K. SINGLAUB, FROM MAY 20

Mr. VAN CLEVE. General, good afternoon.

I have only a few brief questions this afternoon.

There are a couple topic areas I would like to cover with you. I would like to start by talking with you about the fundraising efforts that you engaged in in 1984 and 1985 in connection with Countries Three and Five. That general subject.

Mr. SINGLAUB. 1984 and 1985.

Mr. VAN CLEVE. Right.

You testified that you met with the Washington representatives of these countries in late November or early December 1984.

The first question I wanted to ask you is whether or not Oliver North had asked you to approach these countries prior to those contacts with their Washington representatives?

Mr. SINGLAUB. No, because I was good friends with those head of delegations here. I suggested that that might be a lucrative source of funds. We had discussed the problem of getting funding and he thought that that was a good idea since I had such good relations with those people, so I did in fact make that with his knowledge, but he had not asked me to do it.

Mr. VAN CLEVE. I see. OK.

You informed him in effect that you were going to do this?

Mr. SINGLAUB. That is correct.

Mr. VAN CLEVE. In making these contacts, you were acting as a private citizen, weren't you?

Mr. SINGLAUB. I was and I made that very clear in the first sentence I uttered when I got in the presence of those individuals.

Mr. VAN CLEVE. In that connection, I would like to ask you to refer to what has been previously marked as JKS exhibit 8. It should be the last—excuse me—the last but one, I think they have added a new exhibit to your book.

This is a memorandum dated December 4, 1984, from Oliver L. North to Robert McFarlane, if you have the same exhibit that I do.

Is that correct?

If you look at page 2 of this document, General you will see that it begins,

> Later that afternoon, Major General Jack Singlaub visited to advise of two meetings he had held early in the day regarding support for the resistance. Singlaub passed on the following points,

and then you can see there is an account of two meetings.

Mr. SINGLAUB. Right.

Mr. VAN CLEVE. For security reasons, some of the identities have been deleted. What I would like to do is ask you if you would look at particularly the third paragraph of the first of these two accounts of meetings and just review that and tell me; I have a couple of questions about it.

Mr. SINGLAUB. Yes, I have read it.

Mr. VAN CLEVE. The paragraph says, "The USG is unaware of the Singlaub mission and he is making this request based on his long friendship," and I assume it follows some individual's name. "Because of the law restricting USG involvement, no USG official can solicit on behalf of the resistance forces."

What I would like to ask you, General: Was that your account to Oliver North of what you told the official from Country Three?

Mr. SINGLAUB. Yes.

Mr. VAN CLEVE. That is an accurate account?

Mr. SINGLAUB. It is.

Mr. VAN CLEVE. Thank you.

Now, when you met on or about December 4 with Oliver North to tell him about these meetings and he said, according to your testimony yesterday, that he saw no objections to the course of action that you were suggesting, I take it that what he meant was it was consistent with the President's policy and that because you were a private citizen, you were free to do this in any event; is that correct?

Mr. SINGLAUB. Yes, that's correct.

Mr. VAN CLEVE. Thank you.

Turning now to the trips that you made in early January of 1985, when you approached officials of Country Three in early 1985, they were concerned, as I understand it, about whether making a contribution to the Contras was consistent with U.S. Government policy; is that correct?

Mr. SINGLAUB. That was one of their concerns, right.

Mr. VAN CLEVE. Would it be fair to say it was a major concern of theirs?

Mr. SINGLAUB. Yes.

Mr. VAN CLEVE. And to reassure the officials of Country Three on this point, you told them that you thought you could arrange to have a signal sent, am I correct?

Mr. SINGLAUB. That's correct.

Mr. VAN CLEVE. Did you have any basis at that time for your belief that a signal could be sent to Country Three other than your view that administration policy generally favored the Contras?

Mr. SINGLAUB. No, I didn't think of it in advance. When I got there I realized that they were going to have to take my presentation on faith and the fact that they had known me for a long time.

But I realized that the ones that I was dealing with were not necessarily the final decisionmaker in that country, and that perhaps they would want to have some assurance that I was not an unguided missile ricocheting around to that part of the world, so I wanted to give them assurance that I would try to arrange, and I made it tentative, for someone who they would know is in the position to know what the President's policy is, to give a signal that they knew about my visit and understood my motives and had no objection to it.

Mr. VAN CLEVE. I want to be clear on that, on exactly what you believed the nature of the signal that was to be sent was.

If I understand you correctly, what you have just testified is that the signal would be to the effect that the government was aware that you had approached these other countries, that your approach was consistent with the President's position, which was to support the Contras, and that the administration had no objection, but in other words, there was no affirmative representation that you represented the government, for example; is that correct?

Mr. SINGLAUB. That is correct. I knew that I could not get them to go and do the soliciting themselves.

Mr. VAN CLEVE. In fact, you had already told these countries as much when you met with their DC representatives, isn't that correct?

Mr. SINGLAUB. Precisely.

Mr. VAN CLEVE. So as you put it, the purpose of the signal was simply to represent to these countries that you were not an "unguided missile"?

Mr. SINGLAUB. Right.

Mr. VAN CLEVE. Thank you. You testified yesterday that you had had conversations about this question of signal with Oliver North when you returned from Country Three and Country Five in early 1985. I understood your testimony to be that you really didn't know what had happened after that point with respect to the efforts in connection with those two countries; is that correct?

Mr. SINGLAUB. That is correct.

Mr. VAN CLEVE. So you don't know whether a signal was ever sent to this date, do you?

Mr. SINGLAUB. I don't know for firsthand knowledge, that is correct.

Mr. VAN CLEVE. Did you ever have conversations, other than conversations with Oliver North and Elliott Abrams, I believe you testified to yesterday, about fundraising in connection with foreign governments? Did you ever have those conversations with any other U.S. Government official?

Mr. SINGLAUB. I don't believe that I did have. It is possible that, well, there were others present in the office with Elliott Abrams, his deputy——

Mr. VAN CLEVE. Who was that?

Mr. SINGLAUB. It was Bill Walker.

Mr. VAN CLEVE. Bill Walker.

Mr. SINGLAUB. I don't believe that I had conversations with anyone else.

Mr. VAN CLEVE. OK. So that the record is clear, was your conversation with Elliott Abrams to the same effect with respect to the nature of the signal that would be sent as you previously have testified to in connection with the earlier activities concerning Countries Three and Five?

Mr. SINGLAUB. Well, on my first visit in January of 1985, I had not made any prearrangements for a signal. When at—in 1986, when I was planning another trip out there, and since I believed that no funding had been sent, I thought that the first meetings probably had aborted because a signal was not sent. I wanted to have the nature of the signal or the individual who would send that established before I made the trip in 1986. That is why I went to Elliott and asked for his help in that.

Mr. VAN CLEVE. I understand, and I think my question may not have been clear because you testified to that effect yesterday. My question was as to the nature of the signal itself.

And again, without being too colloquial about it, was it to represent to these other governments this is not an "unguided missile"?

Mr. SINGLAUB. Exactly, the same type of thing, yes.

Mr. VAN CLEVE. I would like to turn now to another subject, if I might. Could you describe for the committee, please, in general terms the nature of your business arrangements with GeoMili-

Tech? When they began, what position you held and, as I say, in general terms the nature of your compensation arrangement and so on?

Mr. SINGLAUB. I was asked by the President of GeoMiliTech if I would serve as an unpaid military consultant. I agreed to do this. I had known the President of GeoMiliTech through a radio program that she had hosted in Miami. It was a very conservative pro-Freedom Fighter program, and when she moved to Washington to take up this new—establish this new company, she asked if I would be a military consultant.

I agreed to do that. I never received any compensation, however, for any of that.

Mr. VAN CLEVE. And did GeoMiliTech normally sell weapons of the type that would be used or might be used by the Contras?

Mr. SINGLAUB. Did they sell them before? Is that your question?

Mr. VAN CLEVE. Did they normally sell weapons of the type that might be used by the Contras?

Mr. SINGLAUB. No. This was the first effort that they made that they had the contacts that I was able to use in terms of putting together the total package.

Mr. VAN CLEVE. I see.

Did GeoMiliTech receive any profits on the Contras arms deal that you arranged?

Mr. SINGLAUB. No. I regret that they didn't receive any profits at all. I believe that they actually lost money because trips were taken on behalf of my efforts to help negotiate this total package, and GeoMiliTech absorbed those costs.

Mr. VAN CLEVE. Just so the record is clear, did you personally receive any profits in connection with that arms transaction?

Mr. SINGLAUB. None whatsoever.

Mr. VAN CLEVE. Just one final subject, if I might. You have previously testified that you were connected with fundraising on behalf of the Contras and that you were involved in weapons purchases on behalf of the Contras. Were you involved in training the Contra forces themselves?

Have you been involved in that in the past?

Mr. SINGLAUB. I have not personally, except in the way of giving advice and discussing strategy, tactics with Enrique Bermudez and some of his commandantes, but I did arrange to bring some retired military people who volunteered to do this without compensation, just for their expenses, trip down and payment of food and a place to stay while they were down there.

Mr. VAN CLEVE. And have you been engaged within the last several years in the giving of general military advice to the Contras, would you say?

Mr. SINGLAUB. Yes. I would say that in terms of discussing tactics of strategy with a friend. I was never referred to as an adviser. I was referred to as a friend. But I think that we learn from our friends who have had similar experiences.

Mr. VAN CLEVE. To your knowledge, has Colonel North been engaged in providing general military advice to the Contras, say, during the period late 1984 to late 1986?

Mr. SINGLAUB. Well, I am afraid I don't have any firsthand knowledge of that.

Mr. **Van Cleve**. You don't have any firsthand knowledge. Have you been engaged in giving specific military advice on particular operations to the Contra forces?

Mr. **Singlaub**. I think that they have reviewed planned operations with me in my presence, discussed it and asked if I had any thoughts on it.

Mr. **Van Cleve**. As to a specific operation.

Mr. **Singlaub**. As to a specific operation.

Mr. **Van Cleve**. And to your knowledge did Colonel North during the period late 1984 to late 1986 provide specific military advice on particular military operations to the Contras, if you know?

Mr. **Singlaub**. I am afraid I don't have any firsthand, but knowledge of that.

Mr. **Van Cleve**. Is it fair to conclude then from your testimony that although you, yourself, are really fairly familiar with the military forces of the Contras and have been engaged in giving both general and specific military advice and so on, that to your knowledge Colonel North has not been engaged in providing either specific or general military advice during that period, based on your knowledge?

Mr. **Singlaub**. I couldn't give you any other information than the fact that I don't know, because we never traveled to Central America together.

Mr. **Van Cleve**. Do you think that there is some—I think I have no further questions of this witness, Mr. Chairman.

Thank you, General.

Chairman **Inouye**. The chair recognizes——

Mr. **Kelley**. Could I make a point about General Singlaub's travel plans next week? He wanted first to—we both want to thank you for putting him on yesterday at some possible inconvenience to other witnesses in order to accommodate his schedule. And we appreciate coming back today in order—what we would hope is, in view of he has traveling plans next week, that he could finish his testimony today, possibly this evening, in order to be able to begin his travel plans that are scheduled for next week.

Chairman **Inouye**. I am pleased to advise you that we will complete our interrogation today.

Mr. **Kelley**. Thank you.

Chairman **Inouye**. The chair recognizes Representative Courter for 15 minutes.

Mr. **Courter**. Thank you, Mr. Chairman.

General, I would like to pursue for a moment the relationship you had with Oliver North, because I think it goes to the heart of some of the committee's inquiry here.

Now, you went to Country Three and Five in January of 1985, and your testimony is that you, in essence, were not an agent of Colonel North?

Mr. **Singlaub**. That is correct.

Mr. **Courter**. He did not tell you who to see—and don't—I want this to be your testimony and not mine. He did not tell you who to see and he did not ask you or tell you what to say to these individuals or to which individuals you were supposed to see.

Mr. SINGLAUB. That is correct. He did not know the individuals that I was planning to see.

Mr. COURTER. And this was something that you thought would be a good idea. It was not his idea?

Mr. SINGLAUB. That is correct.

Mr. COURTER. How about with respect to other individuals in the government of the United States, the same question I had with regard to the President, the Vice President, and Admiral Poindexter or Bud McFarlane, did anyone of those individuals, ask you, order you, tell you to go in January to Countries Three and Five, to see certain individuals or to say certain things to those individuals.

Mr. SINGLAUB. No.

Mr. COURTER. Any other government official?

Mr. SINGLAUB. No.

Mr. COURTER. In 1986 you went again to those two countries. The questions I have generally are the same; did any government official including those I just aforementioned, a few moments ago mentioned, tell you who to see or what to say?

Mr. SINGLAUB. No. It was purely my idea. I was going back again. I assume that my first effort had aborted.

Mr. COURTER. In 1985, your prior testimony indicated that you did not speak with Mr. Casey?

Mr. SINGLAUB. That is correct.

Mr. COURTER. In 1986 you indicated that you spoke with him a number of times. Is that not correct?

Mr. SINGLAUB. If I—think there is a misunderstanding here. I did speak to Mr. Casey in 1985 and 1986. But never on the subject of Nicaragua.

Mr. COURTER. What specifically would be said by him if you brought up Central America or Nicaragua?

Mr. SINGLAUB. He would say, Jack, I will throw you out of my office. He used an expletive that I have not used, indicating that he did not want me to raise that subject with him because he clearly was an intelligence officer and probably covered by the Boland Amendment.

Mr. COURTER. You took his statement as one that was being quite sincere?

Mr. SINGLAUB. I did, yes.

Mr. COURTER. With respect to your contact with Elliott Abrams, of the State Department, you indicated just a few moments ago that you had met with him. Was it ever alone or was there always Foreign Service officers present?

Mr. SINGLAUB. I cannot remember ever meeting with him alone. Usually he had his deputy or perhaps one other with him.

Mr. COURTER. Did Elliott Abrams ever ask you to stay in touch with those Foreign Service officers that were——

Mr. SINGLAUB. Yes, he did.

Mr. COURTER. Did Mr. Abrams ever discourage you from making contacts with foreign governments?

Mr. SINGLAUB. No.

Mr. COURTER. Did Mr. Abrams ever suggest to you that you should go to foreign countries and solicit funds?

Mr. SINGLAUB. No, he did not.

Mr. COURTER. He did not, therefore, similar to the other statements or questions, did not ask you to go to Countries Three or Five or tell you who you were supposed to see there or tell you what you were supposed to ask them?

Mr. SINGLAUB. That is correct.

Mr. COURTER. You didn't make, General, much money by your help in Central America, did you?

Mr. SINGLAUB. Make any money? No, I did not make any money.

Mr. COURTER. That is not much. Why did you do it?

Mr. SINGLAUB. Well, I tried to explain that in my opening statement, that I believe in the cause. I have devoted my life to trying to advance the cause of freedom. I just feel that I still have some energy left. I have some experience that might be useful in this fight.

I believe it is in the interest of this country to get as many people working with the Freedom Fighters as possible. So I have decided to do that.

Mr. COURTER. In 1984, the record is pretty obvious—I think it was December of 1984, the Boland Amendment was passed. There was a prohibition on the U.S. military aid to the Contras. What was the effect of that cutoff of aid to the democratic resistance in Central America? And while you answer that question very quickly, if you would, were there plans that the Contras had that had to be canceled because of the termination of the prospects for aid?

Mr. SINGLAUB. Actually, the Boland Amendment—and there were really several Boland Amendments, but the one that had the greatest impact went into effect before December of 1984 for all intents and purposes, the supplies that had been purchased were consumed by early fall of 1984.

Yes, there were plans that could not be executed because they did not have enough money to buy food, to buy replacement clothing, boots, and it is a very pathetic thing to see these brave young men, many of them wounded, staggering into their base camps with shredded uniforms, boots that are falling off of them, and out of ammunition.

And that was their condition.

Mr. COURTER. There also, if I might ask with respect to the Boland Amendment, and particularly the Soviets' involvement with regard to supplies to the Sandinistas in Nicaragua, there came a time, did there not, that the Soviet Union shipped HIND helicopters to Central America, to Nicaragua?

Mr. SINGLAUB. That is about the same time that our Congress cut off all aid to those Freedom Fighters.

Mr. COURTER. HIND helicopters are pretty sophisticated fighting machines, would you not say?

Mr. SINGLAUB. I have described it as the most effective people-killing machine in the world.

Mr. COURTER. They are fairly expensive to the Soviet Union, I would imagine?

Mr. SINGLAUB. Quite.

Mr. COURTER. I would imagine the Soviet Union, because of their sophistication, because of their cost, would not want to lose many of them either in battles or to the United States or to some other side that may be able to reverse engineer them; is that a fair statement?

Mr. SINGLAUB. Yes. That is a true statement.

Mr. COURTER. Did you ever have any conversations, or in your opinion as a military leader with vast experience, would you conclude that it may very well have been the fact that the United States was at a time incapable of giving sophisticated defenses against that type of a weapon—in other words, we couldn't have any surface-to-air missiles, no Blowpipes, no shoulder-fired Stingers, because of that? Do you think that the HIND helicopters were sent to Nicaragua because they could be used and they would not be threatened, that is, they would not be lost, they would be safe?

Mr. SINGLAUB. It is reasonable; quite.

Mr. COURTER. We heard other people mention the fact that the Soviet bloc countries had given from 1983 to 1986 about over $3 billion of aid to the Sandinista Government. The U.S. aid during the time it was permitted was significantly less than that.

The results of those $3 billion of aid to the Sandinista Government, did that create an efficient fighting force in Central America?

Mr. SINGLAUB. Well, it is certainly the largest and the best-equipped force in Central America. In view of the defections from that force, I would say that it is probably not the most efficient force, but by the size of both the number of men and the equipment they have, it is the most powerful force south of the Rio Grande.

Mr. COURTER. How does it compare, for example, to Costa Rica, the military fighting capability of Costa Rica?

Mr. SINGLAUB. Costa Rica has no military fighting capability. They have no armed forces at all. A small police force only.

Mr. COURTER. Is the military force of the Sandinistas primarily defensive, offensive, or would it be a mix?

Mr. SINGLAUB. Looking at the sophistication of the weapons systems and the weapons in the other countries, it appears to be clearly an offensive force. The number of tanks they have, the number of armored personnel carriers, the number of artillery weapons indicate that it is an offensive military force.

Mr. COURTER. There has been a great deal said about Soviet bloc aid to Central America, to the Sandinistas since the revolution in 1979.

From your experience in talking with people living in that part of the world, do you know whether the Soviet bloc gave training, gave aid, gave logistics, gave information and material to the Sandinistas in fact before they seized power in 1979?

Mr. SINGLAUB. I believe that they did this through their surrogate, Cuba. That was open knowledge, in the area that the Sandinistas forces would go to Havana, receive training. There were Cubans in the force.

There were Panamanians, by the way, who assisted in that period. Today, there are roughly 11,000 foreign military forces, military and civilian advisers all from Communist countries and from terrorist organizations in Nicaragua.

Mr. COURTER. General Singlaub, you are an expert, I would imagine, if anybody is, in the—in evaluating and assisting Freedom Fighting insurgencies in different parts of the world.

You are familiar with Jonas Savimbi, the Mujahedin in Afghanistan, what is going on in Cambodia, and the resistance there. How do the Contras, the democratic Resistance in Central America and Nicaragua stack up to other types of Resistance movements in the area of human rights, in morale, in dedication, in corruption, those types of areas, very quickly?

Mr. SINGLAUB. Well, I believe that they not only are better motivated, they have geography on their side, which is not true of the Mujahedin in Afghanistan or of the Cambodians or the Vietnamese in Southeast Asia.

They also have a better record of human rights, lack of human rights violations. They have a code of conduct that I have not found in any of the other armed forces. That is nicety that comes later in most guerrilla organizations.

Mr. COURTER. General Singlaub, thank you very much.

My time is running out.

You know that the Congress is very happy to give aid to some democratic resistance movements, not in Central America. We can't mention names.

I would ask you the following question. By our termination of military aid to the Contras in Central America, will that affect the capabilities, the motivation, the desire, the will of those democratic resistance organizations in different parts of the world in which the United States has an interest in helping and, of course, we are helping them.

Mr. SINGLAUB. Certainly. Of course, it does.

If we are not interested enough to take care of this force that is on our borders in all—for all intents and purposes, within walking distance of our borders, how can we possibly be a reliable ally on the other side of the world? It has had adverse impact.

It is dumbfounding, I would say, to the leaders of the democratic resistance movements in Africa and in Asia.

Mr. COURTER. It is dumbfounding because we seem to be more inclined to help those resistance movements over 5,000 miles away and disinclined to help those resistance movements that are closer to our own capital that is, for example, California?

Mr. SINGLAUB. That is correct. It is irrational and immoral in my view.

Mr. COURTER. There has been a lot said about the fact that Nicaragua can never be a threat to the United States, regardless of what happens there.

My last question, General, is what is the strategic consequences to the United States if a Communist totalitarian regime in Nicaragua is consolidated with the offensive fighting forces you mentioned has that freedom and has that capability?

Mr. SINGLAUB. Well, not only is the military forces being created there, a threat well recognized by Nicaragua's neighbors, but the bases that are being built there, both naval and air bases, are a direct threat to the United States.

As Adolfo Calero mentioned yesterday, the Punta Huete big air base there is the largest air base south of the Rio Grande. It would enable the Soviets to base long-range bombers and reconnaissance aircraft there that would be a direct threat to our security.

The bases that are being built on the Pacific Coast would give them, for the first time, a base from which they could threaten the West Coast of the United States. The obvious place for a second canal, ocean-to-ocean all through the Isthmus is through Nicaragua.

I would not want to have a canal—a second canal in the hands of the Soviets which it would be if the—if we allow the Sandinistas to consolidate this Communist revolution there.

Mr. COURTER. I thank you, General.

I thank the chair.

Chairman INOUYE. Thank you very much.

I yield myself 15 minutes.

General, in early 1985, if my recollection is correct, you testified that you proposed that the U.S. Government sell arms to an intermediary vendor, and that this vendor mark up the price to Country Three, and that this difference between the cost and the retail price be diverted to the Contras.

Is my recollection correct?

Mr. SINGLAUB. That is not quite correct, Senator Inouye.

I had mentioned as one of three options, when I spoke to the leadership in Country Three, that I could approach if they would identify a vendor from whom they were going to buy some significant quantities of materiel and perhaps arrange for them to split the commission.

I had no specific item in mind at that time, but I had been approached by some of these same friends in that government with a request that I try to find them vendors who could sell them aircraft comparable to the F-20 that they were interested in.

They were deeply concerned about their lack of anti-submarine capability. I knew that they were going to be working through vendors. I believed that the majority of the people in this country are sympathetic to the Nicaraguan Freedom Fighters and to President Reagan's policy of providing them with support.

Chairman INOUYE. Did you discuss this proposal with Colonel North?

Mr. SINGLAUB. No, I did not as a specific proposal, as you are making. I did brief him that this was one of three options that I had proposed to Country Three.

Chairman INOUYE. Did he approve this, one of these three?

Mr. SINGLAUB. I was not taking things to Colonel North for approval. At that time I was merely briefing him on what had taken place and requesting that he pick up the ball and carry it from then on with respect to sending a signal and that I was available for any additional meetings or efforts to solicit.

Chairman INOUYE. Isn't the concept very similar to the one that was employed in the Iran arms sale?

Mr. SINGLAUB. There have been several media representatives, who have speculated that there is a similarity, yes.

Chairman INOUYE. In your opening statement, you suggested that if you had known beforehand the intent of the officials of the Government of the United States to deal in arms with Iran—but unfortunately, you did not know—if you know, what would you have done?

Mr. SINGLAUB. As I have indicated, I am working with Freedom Fighters who oppose totalitarianism around the world. I have been in contact with the Resistance inside Iran, and those members that I am dealing with are absolutely opposed to the individuals that Oliver North and others were dealing with.

I suspect that if I had known at the time that they were dealing with these people who are recognized as something less than completely reliable, I might have made some efforts to inform appropriate people in our government of my knowledge of that situation.

The current Resistance, the Iranian National Army, is opposed not only to the Communist efforts there today, opposed also to the current government with which Dick Secord and others were in direct contact.

Chairman INOUYE. Yesterday you testified that you discussed with Colonel North your special role as, I believe you said, lightening rod for public and press attention in regard to the private funding of Contras to take away attention from the covert activities of General Secord and Colonel North.

Whose attention were you trying to distract?

Mr. SINGLAUB. Well, as I indicated, this was an unwitting benefit of my efforts to raise money. I discussed this, that if the media was tracking me, following me from one of my speeches or fundraising activities to another, they could not be following Colonel North; and if I did not have any contact with Colonel North or General Secord, whom I knew was involved in some of the more covert parts of this action, they would not be tracking them.

And I pointed this out as one of the benefits that accrued to my relatively high profile, others being the fact that there was someone who was an old retired soldier speaking out in defense of the Contras at a time when everybody was saying how bad they were. That was a boost to their morale.

And, of course, you can't raise funds without going public, and so that was the third benefit.

Chairman INOUYE. So, one of the benefits that you pointed out was to divert attention away from the Congress?

Mr. SINGLAUB. No, divert the attention of the Congress and the media away from the covert activities undergoing.

Chairman INOUYE. If I recall, there were stories about your successful fundraising.

In fact, one article said that you raised tens of millions of dollars. Did you attempt to correct that?

Mr. SINGLAUB. Yes, I did. I have attempted to correct many of the items that appear in the press. The problem with our modern technology is that once a lie is put into the computer, anybody else can pull it up, and they do, and if it suits their purpose, they print that.

My denials and efforts to correct the record don't seem to get filed, for some reason.

Chairman INOUYE. According to the files we have—and I think this might be a good time to correct the record—in 1985, you raised $279,612; in 1986, $259,173. Is that correct?

Mr. SINGLAUB. That is correct. That's the dollars raised for the specific purpose of the Nicaraguan Freedom Fighters.

Chairman INOUYE. Yesterday you testified that when you solicited Country Three you were informed that a signal would have to be sent by the administration, the U.S. Government, that you were acting with their support, and subsequently you testified that in May of 1986, Assistant Secretary Abrams informed you that he would be able to provide this so-called signal; is that correct, sir?

Mr. SINGLAUB. That is essentially correct, yes, sir.

Chairman INOUYE. Would you say that Secretary Abrams' willingness to provide the signal helped you in your solicitation?

Mr. SINGLAUB. Well, no. Because after I had arrived in Country Three and had made my appointments to see the head of state, I had a telephone call from Mr. Abrams who said, Do not carry your extracurricular activities there that we discussed; and I said, Well, I've already made the contact, and he said, Well, I know that, but don't carry through with it. I'll explain when you get back why.

Chairman INOUYE. Are you aware that Assistant Secretary Abrams previously told the Tower Commission that he did not offer to provide this signal, because he felt that it was not right and that he has denied participating in any effort to support the Contras?

Mr. SINGLAUB. I did not know that until I read it in, I think, the New York Times or one of the papers that I read this morning.

Chairman INOUYE. Did that surprise you?

Mr. SINGLAUB. It did, yes.

Chairman INOUYE. My final question: Did you ever obtain false U.S. passports in connection with your activities in support of the Contras?

Mr. SINGLAUB. No. Absolutely not.

Chairman INOUYE. The chair recognizes Senator Rudman for 15 minutes.

Mr. RUDMAN. Thank you, Mr. Chairman. I don't think I will need the 15 minutes.

General Singlaub, your life's history reads almost like fiction, but it is true. You have a very distinguished career.

I think that somewhere in the record, the record ought to show that during your service to this country, to mention only a few, I believe you were the holder of the Distinguished Service Medal, am I correct?

Mr. SINGLAUB. That's correct.

Mr. RUDMAN. And you hold awards for valor? You hold the Silver Star, the Bronze Star, the Soldier's Medal, and the Purple Heart?

Mr. SINGLAUB. That's correct.

Mr. RUDMAN. And you are a very refreshing witness, because you make no secret about what you have done or why you have done it. And, frankly, I only intend to ask you a few questions that might either confirm or rebut some things we've heard from other witnesses, because I expect we will get a straight answer from you.

The first thing I would like to do is just clear one thing up for the record. There were two exhibits, JKS-5 and JKS-6. I think you are familiar with those two exhibits?

Mr. SINGLAUB. I see 5 and 6, yes.

Mr. **Rudman**. Just so the record is straight, those proposals, I will call them 5 and 6, neither were solicited by anyone in the U.S. Government; am I correct?

Mr. **Singlaub**. That is correct, sir.

Mr. **Rudman**. They were, in fact JKS–6 was not even your idea. It was the idea of an associate of yours?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. On both occasions, you forwarded those proposals to someone in the government, I think Mr. Casey on, what, both occasions?

Mr. **Singlaub**. No. The first one was a letter that I did send to Bill Casey. The second one was sent or handcarried by an associate to Bill Casey.

Mr. **Rudman**. They both went to Mr. Casey?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. He certainly didn't solicit them and neither proposal was adopted?

Mr. **Singlaub**. That's correct.

Mr. **Rudman**. I find it interesting and I will not review it here, so not to be repetitive, but following the chairman's question about the genesis of the idea of a diversion to fund the Contras, if one wants to read JKS–6 very closely; that is truly a scheme for diversion; am I correct?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. That is absolutely a mirror image of what happened except with different players and different names?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. Thank you. I want to turn to the spring of 1985 very briefly and just talk a bit about weapons.

You sold some weapons to the Contras in the spring-summer of 1985. You received $5.3 million for that purchase? That is what it cost the Contras, 5.3?

Mr. **Singlaub**. That is right. The Contras paid that for the weapons that they received from the weapons dealer.

Mr. **Rudman**. In fact, you paid the supplier 4.8, you had to pay 300,000 for transportation, and you had 200,000 left. So you gave that over in the form of humanitarian aid?

Mr. **Singlaub**. There was also some other costs in there for insurance and such things. I think that at the end, there was about $100,000 left and as Adolfo Calero needed it, he would ask that that money be transferred to a variety of humanitarian aid vendors.

Mr. **Rudman**. And you transferred every bit of it?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. As a matter of fact, if you look at your life's history, money has never been an incentive for you, am I correct, General Singlaub?

Mr. **Singlaub**. I am criticized regularly for that, yes.

Mr. **Rudman**. I am sure. So you sold these to them in the spring of 1985 and at that time you found out that General Secord's prices on the identical weapons were nearly twice yours; am I correct?

Mr. **Singlaub**. That is correct.

Mr. **Rudman**. And you had some discussions about this with some people?

Mr. **Singlaub**. I did.

Mr. **RUDMAN**. And in fact you reported the fact that these weapons which they were buying through energy resources were costing them twice as much as yours were, and you reported that to Colonel North?

Mr. **SINGLAUB**. I did, yes.

Mr. **RUDMAN**. And he agreed when looking at what you showed him for documentation that your prices were enormously better than General Secord's?

Mr. **SINGLAUB**. That is correct.

Mr. **RUDMAN**. As a matter of fact, the Contras, if you could have kept supplying at that price, would have received two weapons for every one that they received under General Secord's prices; is that correct?

Mr. **SINGLAUB**. That is correct.

Mr. **RUDMAN**. Now after you pointed that out to Colonel North, what was his reaction? Did he encourage you to go back and do some more business with the Contras?

Mr. **SINGLAUB**. Well, his first reaction was that when we get some more money perhaps we can pursue the same source. That never happened, however. I believe that in the course of our discussions there appeared to be other factors that had a bearing on the decision as to the source of the weapons procurement.

Mr. **RUDMAN**. The other factors you are obviously referring to is the fact that General Secord was involved in another endeavor; namely the Iran arms transfer, which you did not know at the time; am I correct?

Mr. **SINGLAUB**. I don't know for sure, but the facts are that I did not know about that, and that might very well have been the other problem.

Mr. **RUDMAN**. But in any event, after you indicated to the man in our government who, right or wrong, and we can't determine that. Somebody else will determine that. Whether right or wrong was trying to do what he could to help the Contras and showed him that you could get them a very good price on these weapons, in fact, nothing happened, you didn't get any orders after that at all? You had the one order and that was it?

Mr. **SINGLAUB**. That is correct.

Mr. **RUDMAN**. In fact, you were just cut out of the deal?

Mr. **SINGLAUB**. That is also correct.

Mr. **RUDMAN**. And as a matter of fact, since this whole story has broken, you have found out that General Secord was in a very unique position. General Secord was the recipient either in trust or otherwise of a huge amount of money that represented a markup on U.S. goods; is that correct?

You learned that like we all did?

Mr. **SINGLAUB**. That is right, yes, sir.

Mr. **RUDMAN**. And he was also in the position of controlling those moneys to buy what the Contras might want from him?

Mr. **SINGLAUB**. I have learned that, yes.

Mr. **RUDMAN**. You have learned that. And during that period that that money was being held, the Contras needed a lot of things, did they not, General Singlaub?

Mr. **SINGLAUB**. I must say that that is a source of great irritation to me; that I was working very hard during that time to get a few hundred thousand dollars. If I had any knowledge that that money had been in a bank and was available, I would be even more furious.

Mr. RUDMAN. And, in fact, there were millions of dollars in accounts, and we have had testimony, under oath to this committee, that that money was being held for the enterprise; that is General Secord's testimony. Certainly you could have done a lot with that $8 million to help the Contra cause, could you have not?

Mr. SINGLAUB. That is correct. The Contras could have used it.

Mr. RUDMAN. General, do you have a Swiss bank account?

Mr. SINGLAUB. No.

Mr. RUDMAN. You never had a Swiss bank account?

Mr. SINGLAUB. Never.

Mr. RUDMAN. I will ask you a question which you may not wish to answer, and I will not press you on it, but I will simply ask it.

You don't seem to be one who is hesitant to express a view. So if you feel like expressing one, I will give you that opportunity.

Do you think that in light of what you heard in terms of the Maule airplanes and who claims they own them, and all of the other aircraft, and who own those aircraft, and money in Swiss bank accounts and doubling the price of arms, do you think General Secord and his associates triggered the—treated the Contras as someone they really wanted to help or someone they wished to profit by?

Mr. SINGLAUB. You are right. I would prefer not to answer that.

Mr. RUDMAN. You have answered it. Thank you.

Chairman INOUYE. Congressman Foley, 15 minutes.

Mr. FOLEY. Thank you, Mr. Chairman.

General Singlaub, I would like to join with Senator Rudman and others on this committee in recognizing your long and distinguished active duty career in the U.S. Army as one of the most decorated and dedicated officers, and one with a brilliant combat record. You have our universal respect.

Mr. SINGLAUB. Thank you.

Mr. FOLEY. I want to take you back to the meeting you had in January of 1985 with Colonel Oliver North when you described to him your plans to visit Countries Three and Five.

Mr. SINGLAUB. Right.

Mr. FOLEY. And you told him you would undertake to solicit funds or support for military assistance to the Democratic Resistance?

Mr. SINGLAUB. That is correct.

Mr. FOLEY. He approved that and gave it his blessing, did he not?

Mr. SINGLAUB. He concurred in my doing that. Generally speaking we had an arrangement that silence was approval if he did not want to indicate approval for some legalistic reason.

In this case——

Mr. FOLEY. In advance you knew that if he didn't object to it, it meant his approval?

Mr. SINGLAUB. That is correct.

Mr. FOLEY. And he did not object to it?

Mr. SINGLAUB. He did not object to it.

Mr. FOLEY. He in fact asked you to report back to him on your success, did he not?

Mr. **Singlaub**. He did.

Mr. **Foley**. And when you visited Countries Three and Five—you visited top officials of that government who were previously in your acquaintance?

Mr. **Singlaub**. That is correct.

Mr. **Foley**. You told Colonel North you were going to do that?

Mr. **Singlaub**. I did.

Mr. **Foley**. And he did not object?

Mr. **Singlaub**. He did not object.

Mr. **Foley**. These officials of Countries Three and Five knew you as an important American Army officer who had commanded our forces in Korea?

Mr. **Singlaub**. Actually I was not the commander in Korea. I was the chief-of-staff of the United Nations forces.

Mr. **Foley**. Chief of staff in Korea, but they knew you had that——

Mr. **Singlaub**. That is correct.

Mr. **Foley**. So there was reason to believe you might be speaking with the concurrence of U.S. interests, but there was not absolute sureness about that, so you thought perhaps they needed a signal that you were acting with the approval of the U.S. Government?

Mr. **Singlaub**. At least with the knowledge of the U.S. Government, yes.

Mr. **Foley**. In fact, there wasn't any great reason for these countries to make this contribution unless they thought it was with the approval of the U.S. Government, was there?

Mr. **Singlaub**. No. They also had the concern that they did not want it to be made public because it might create some problems with the Congress, whom they relied upon for support. They did not want to openly defy the will of the Congress as expressed in the Boland Amendment.

Mr. **Foley**. So the only way they would be willing to do this is if they thought that confidences would be respected, that they would not be seen as opposing the will of Congress, and that they would, in fact, have the approval of the U.S. Executive Branch.

Mr. **Singlaub**. That is correct, sir.

Mr. **Foley**. And they would have no reason to do it if they didn't feel it had the approval of the Executive Branch.

Mr. **Singlaub**. That is correct.

Mr. **Foley**. So when you talked to them about a signal of approval from the U.S. Executive Branch, that signal was a rather important, if not essential, maybe essential part perhaps, of a successful solicitation; is that correct?

Mr. **Singlaub**. I believed that it was, yes.

Mr. **Foley**. And without such a signal they could not be expected to agree to the solicitation.

Mr. **Singlaub**. They might have, but I concluded that they probably would not if they did not——

Mr. **Foley**. Let me put it this way. If they did not feel that there was evidences that the U.S. Executive Branch wished them to make this contribution, is it your opinion that they would not have made the contribution?

Mr. **Singlaub**. That is correct, yes, sir.

Mr. Foley. So rephrasing the question, the knowledge of the approval, however obtained, of the U.S. Executive Branch was an essential part of a successful solicitation by you of Countries Three and Five.

Mr. Singlaub. Yes, I believe that is correct.

Mr. Foley. And you returned and did report to Colonel North.

Mr. Singlaub. Yes.

Mr. Foley. Did Colonel North ever tell you whether he reported to his superiors on your report to him?

Mr. Singlaub. Yes, he did tell me that he had reported it.

Mr. Foley. Did he say who those superiors were?

Mr. Singlaub. No.

Mr. Foley. Did you have any opinion as to who they were?

Mr. Singlaub. I assumed it was to Bud McFarlane who was, at that time, the adviser.

Mr. Foley. You also testified you discussed with Colonel North the possibility of foreign nationals conducting operations, military operations for the Nicaraguan Resistance inside Nicaragua, and Colonel North stated that he had already hired a former SAS officer; is that correct?

Mr. Singlaub. Yes.

Mr. Foley. What is SAS again for the record?

Mr. Singlaub. Special Air Service.

Mr. Foley. And it is a service of what country?

Mr. Singlaub. Of Great Britian.

Mr. Foley. Did he give you the name of the officer formerly associated with the SAS.

Mr. Singlaub. I am not sure that I remember whether I heard it at that time or whether I have learned it since then.

Mr. Foley. But you have reason to believe now that you do know the name of the officer?

Mr. Singlaub. Yes.

Mr. Foley. And you are satisfied that is a correct report.

Mr. Singlaub. That is correct, yes sir.

Mr. Foley. And who is that officer?

Mr. Singlaub. Colonel Walker.

Mr. Foley. Formerly British SAS colonel?

Mr. Singlaub. That is correct.

Mr. Foley. Did Colonel North describe to you the plans of such a SAS operation in Nicaragua?

Mr. Singlaub. Yes. In general terms, not into the specifics of clandestine entry and some of those details.

Mr. Foley. But in broad outlines he discussed that operation with you?

Mr. Singlaub. Yes, he did.

Mr. Foley. What was that operation?

Mr. Singlaub. The operation was basically to infiltrate a team of non-U.S. personnel into the vicinity of the airfield at Managua with a view of destroying the HIND-D helicopters that were known to be located there.

Mr. Foley. Was that operation ever conducted to your knowledge?

Mr. Singlaub. Not to my knowledge.

Mr. FOLEY. When you planned your second trip to Country Three and Five, that was in the spring of 1986?

Mr. SINGLAUB. Yes, sir.

Mr. FOLEY. And you testified that you spoke with Assistant Secretary Elliott Abrams about the need for a signal?

Mr. SINGLAUB. Yes, sir.

Mr. FOLEY. And he agreed to give that signal.

Mr. SINGLAUB. He did.

Mr. FOLEY. And then while you were in Country Three, he contacted you and told you not to make the solicitation?

Mr. SINGLAUB. That is correct.

Mr. FOLEY. And you told him that it was awkward because you had already made it?

Mr. SINGLAUB. Right.

Mr. FOLEY. And——

Mr. SINGLAUB. That I had already made the arrangements for the appointment.

Mr. FOLEY. When you returned from the trip you testified you spoke to Secretary Abrams.

Mr. SINGLAUB. That is correct.

Mr. FOLEY. And you told them that it was embarrassing for you, that this was countermanded—this agreement by him to give the signal was countermanded by him?

Mr. SINGLAUB. Yes.

Mr. FOLEY. What did he tell you was the reason why he changed his mind?

Mr. SINGLAUB. He indicated that the solicitation was going to be made at the highest level, which, as I testified yesterday, I assumed was someone in the White House. If it was true.

Mr. FOLEY. When you are speaking with an Assistant Secretary of State and he refers to the highest level, that would be normally something you would assume to be from the White House?

Mr. SINGLAUB. Above George Shultz, yes.

Mr. FOLEY. How many people are above George Shultz in the U.S. Government?

Mr. SINGLAUB. Not many.

Mr. FOLEY. General, are you familiar with a firm in Marietta, Georgia, called Vista Distribution or Vista Distributors.

Mr. SINGLAUB. No.

Mr. FOLEY. No such firm.

Reviewing your testimony yesterday you stated you obtained from Colonel North's concurrence an approval on your proposed arms purchase in April 1985, and you presented him with a list of weapons.

Do you recall that?

Mr. SINGLAUB. Yes.

Mr. FOLEY. Was any other official of the U.S. Government present during this conversation with Colonel North?

Mr. SINGLAUB. To the best of my recollection, I don't believe there was anyone else there. Seldom was there anyone else in his office when he and I met.

Mr. FOLEY. In this conversation your best recollection is that no one else was present?

Mr. SINGLAUB. No one else from the U.S. Government. I think Adolfo Calero was with me, however.

Mr. FOLEY. Mr. Calero was present with you?

Mr. SINGLAUB. I believe he was. Because we were working this together.

Mr. FOLEY. Was anyone else, any other private citizen besides Mr. Calero present with you and Colonel North at that time?

Mr. SINGLAUB. Not at the time that I went over the final list of small arms.

Mr. FOLEY. Who else did you meet with when you met with Colonel North on other occasions when Mr. Calero was present? Were there others present—at other meetings?

Mr. SINGLAUB. Yes. On one other occasion, I assume you are referring to this in the former testimony. Adolfo Calero and I went in and found to our surprise that General Secord was in the office with Colonel North.

Mr. FOLEY. And so at that time the discussion took place between you, Mr. Calero, General Secord and Colonel North?

Mr. SINGLAUB. Right.

Mr. FOLEY. Colonel North, according to your testimony, outlined to you in 1984, early 1985, what you must do to be legal in purchasing arms for the Nicaraguan Resistance.

Mr. SINGLAUB. That is correct. We discussed this.

Mr. FOLEY. He said he had discussed it with lawyers and officials in the Justice Department?

Mr. SINGLAUB. That is correct.

Mr. FOLEY. Did he tell you which lawyers he discussed it with.

Mr. SINGLAUB. No, he did not.

Mr. FOLEY. He just said generally those lawyers?

Mr. SINGLAUB. Yes.

Mr. FOLEY. And the some of his advice was that you couldn't use American bank accounts or use American transport or American companies?

Mr. SINGLAUB. Or conduct the operations from the United States. That is correct.

Mr. FOLEY. Are you familiar with the Neutrality Act?

Mr. SINGLAUB. Yes, I am.

Mr. FOLEY. Did you understand those conditions to be related to compliance with the Neutrality Act?

Mr. SINGLAUB. Yes.

Mr. FOLEY. Did you ever discuss with Colonel North the Boland Amendment?

Mr. SINGLAUB. Yes.

Mr. FOLEY. And did you express concern to him at any time about compliance with the Boland Amendment?

Mr. SINGLAUB. Not with my compliance. It is quite clear, even in that very complicated amendment——

Mr. FOLEY. Did you ever discuss with him——

Mr. SINGLAUB. That does not apply to a person like myself.

Mr. FOLEY. Yes, but did you ever discuss with him his compliance with the Boland Amendment?

Mr. SINGLAUB. Yes.

Mr. FOLEY. And what did he tell you?

Mr. **Singlaub**. Well, I believe that there was a disagreement among the lawyers with whom he had been in contact as to whether or not it applied to the National Security Council and to the White House.

Mr. **Foley**. These are official lawyers?

Mr. **Singlaub**. I understand them to be——

Mr. **Foley**. Government lawyers?

Mr. **Singlaub**. Yes.

Mr. **Foley**. And you got the impression from him that some lawyers had told him that he was not covered by the Boland Amendment and other lawyers had told him that he was?

Mr. **Singlaub**. Yes, that is correct.

Mr. **Foley**. So some of the legal advice that he was receiving was that he was in violation of the Boland Amendment by the activities that he was undertaking?

Mr. **Singlaub**. That is correct. So we decided that we would plan for the worse case, which was that it did apply, and we attempted then to work within those parameters.

Mr. **Foley**. You also—was there also a consideration of secrecy and avoidance of publicity in order to avoid any focus on the violations that might occur of the Boland Amendment?

Mr. **Singlaub**. Yes. That certainly was a major factor.

Mr. **Foley**. Thank you.

Chairman **Hamilton**. The chair recognizes Mr. DeWine for 5 minutes.

Mr. **DeWine**. Thank you very much, Mr. Chairman.

General, I first want to thank you very much for your testimony, and also thank you for a lifetime of service to this country. Your record is unbelievably impressive.

I just have a couple brief questions. General, do you know a man or did you ever know a man by the name of Sam Hall?

Mr. **Singlaub**. Yes.

Mr. **DeWine**. Can you tell us how you knew him and what your relationship was?

Mr. **Singlaub**. I don't remember exactly how I first met him. I know that he continually attempted to volunteer to join my efforts. It did not take very long to realize that he not only did not have the qualifications that he suggested he had, but that he probably needed medical care.

Mr. **DeWine**. General did you ever give him any kind of money, at any point?

Mr. **Singlaub**. I believed that I paid for a trip that he made, whether it was at my request or whether someone else working with me had asked him to go along to escort some of the refugee relief type funds that were being sent down.

We earmarked some of the humanitarian assistance to go to the Indians, and we wanted to be sure that they got over there because there was some accusations that someone, unspecified in the system, was siphoning off these supplies and this equipment before it reached its final destination.

So generally speaking, we would try to send someone along, and that involved paying their expenses, but no compensation——

Mr. **DeWine**. So that was the relationship, that is what he did?

Mr. **Singlaub**. That's correct.

Mr. DeWine. And that was on just one occasion or two?

Mr. Singlaub. I believe it was only on one occasion. He also submitted to me a plan which was outrageous in its scope and its amateurism, and I think that was filed in the circular file in my office.

Mr. DeWine. If I could summarize, or maybe—I don't want to put words in your mouth, but I think what you are telling us, this is somebody who is well intentioned, but you do not really have a great deal of involvement with besides this one or two occasions?

Mr. Singlaub. That's right. I think he suffered from a Walter Mitty type complex, and I felt sorry for him, really.

Mr. DeWine. Thank you, General.

Chairman Inouye. Senator Mitchell.

Mr. Mitchell. Thank you, Mr. Chairman.

General Singlaub, you've described two meetings with Elliott Abrams, one before your second trip to the Pacific and the other upon your return. And as you are now aware, your version of what was said during those meetings conflicts sharply with the version provided by Mr. Abrams to the Tower Commission.

My question is, was anyone else present at either of those two meetings?

Mr. Singlaub. To the best of my recollection, it was either Bill Walker, his deputy, or Rich Melton, who is another one of his associates. There were either one or two present when that was discussed.

Mr. Mitchell. Now, was that the meeting before you left or upon your return or at both meetings?

Mr. Singlaub. Both meetings. I had had quite a few meetings so it's a little, not quite clear in my mind, but I do remember that practically every occasion there was someone else with us when we met. I can't think of an occasion when there was not another one of his assistants there.

Mr. Mitchell. So it's your recollection that at both of the meetings there was another person present, and you believe that it was one or both of Mr. Abrams' assistants present at both meetings?

Mr. Singlaub. That's correct, sir.

Mr. Mitchell. And he used the phrase, according to your testimony, that the solicitation was to be at the highest level?

Mr. Singlaub. That's correct, yes.

Mr. Mitchell. And did you inquire as to what he meant by that?

Mr. Singlaub. No. That was fairly clear to me, that it was going to be somebody from the White House or the NSC who was going to do this or had done it.

Mr. Mitchell. Well, you testified earlier it would be someone higher than Secretary of State Shultz?

Mr. Singlaub. Yes. I felt, he would have said someone higher in the department or made some reference to the Secretary, but he indicated in words which I'm not positive were the highest level but at a higher level or something similar to that, indicating to me that that would be outside of the department and probably in the White House. That's the impression that he was trying to give me, I'm confident.

Mr. Mitchell. Thank you very much, General Singlaub.

Thank you, Mr. Chairman.

Chairman Hamilton. Mr. Hyde.

Mr. **Hyde**. Thank you, Mr. Chairman.

General, much has been made of the word "secrecy" around here, as though there's something wrong with not doing things in the bright, burning sunlight. Isn't it true that Honduras would prefer a very low profile on what's going on down there? They are not exactly thrilled with the confrontation with Nicaragua and the fact that there are Contra bases there and a few other things. They'd just as soon low profile that, isn't that true?

Mr. **Singlaub**. That is true of Honduras. It's also true of several of the other countries in Central America and their involvement. They would like to have that minimized because they have to live with Nicaragua regardless of what happens.

Mr. **Hyde**. So the fact that you are trying to assist the Contras down there without a brass band and flags flying doesn't make what you are doing any less meritorious, does it?

Mr. **Singlaub**. Well, I hope not. There are lots of things that I have done that I believed to be meritorious that were not only secret but top secret.

Mr. **Hyde**. Very good.

Now, against the wall over there is a blowup of the Punta Huete airstrip. We have heard a lot about briefings. We had three lovely people in this morning who were brought in to Washington for a briefing, and I was always curious about what these briefings contained.

Now, one of the things I would suspect would be that airfield that is being built down in Nicaragua, which I am told will have a 10,000-foot runway capable of accommodating any Soviet aircraft in their inventory. That includes the Backfire bomber, the Bear-D reconnaissance aircraft, and it's strictly a military facility with antiaircraft guns deployed around the airfield; is that correct?

Mr. **Singlaub**. That's correct, sir.

Mr. **Hyde**. Does that pose a threat to the neighbors of Managua, Nicaragua? What about Costa Rica? What about the Panama Canal? Would it be much of a flight from that air base to the Panama Canal?

Mr. **Singlaub**. Well, I believe there are probably other airfields there that are a threat. Over those short distances it is the fact this will accommodate their intercontinental bombers and reconnaissance aircraft.

Mr. **Hyde**. What other purpose would there be for a 10,000-foot runway?

Mr. **Singlaub**. None, sir.

Mr. **Hyde**. Well, we go to Cuba and we see that the facility at Lourdes near Havana—are you familiar with that, General?

Mr. **Singlaub**. Yes, I am.

Mr. **Hyde**. That is a Soviet intelligence collection facility, and I'm informed that this listening post enables the Soviets to monitor sensitive United States maritime military and space communications as well as telephone conversations in the United States; is that right?

Mr. **Singlaub**. That is correct, yes.

Mr. **Hyde**. Now, if they duplicate that facility in Nicaragua, which of course they will do, we will have the same aircraft going up the west coast of our country; is that correct?

Mr. SINGLAUB. That is absolutely correct, sir.

Mr. HYDE. Right off of Silicon Valley.

Well, another interesting subject, I would assume, of these briefings would be the Corinto port facility in Nicaragua. That is being made into a deep-water port, and I presume the dredging that is going on down there is for submarines. Would that be correct?

Mr. SINGLAUB. It's not necessary for normal shipping that you would expect going in and out of that country for commerce.

Mr. HYDE. All right. So those are things that ought to concern a reasonably alert person who understands the correlation of forces; is that correct?

Mr. SINGLAUB. That is correct, Mr. Hyde.

Mr. HYDE. You mentioned the MI24 HIND attack helicopters as the greatest people-killing machine in the world. They're flying tanks, aren't they?

Mr. SINGLAUB. Literally they are, because they have such good armor plate on them it's very difficult to shoot them down. They have types of weapons systems that are designed to kill people.

Mr. HYDE. Now, the Nicaraguan Sandinistas also have Soviet troop-carrying helicopters, too, do they not?

Mr. SINGLAUB. They do have, yes. MI8s.

Mr. HYDE. All of this is part, I suppose, of last year 23,000 metric tons of Soviet material poured into the Sandinista Government; is that correct?

Mr. SINGLAUB. That is correct, sir.

Mr. HYDE. We have been supplying to the Contras with miserly little bits of weapons and an unlimited quantity of the Boland Amendment while this has been going on in the hopes they can roll them up and throw them at these helicopters maybe.

Now, the Caribbean, let's talk about that for a minute. That's an important body of water. I'm told half of our imports, half of our exports, three quarters of our petroleum imports pass through the maritime lanes of the Gulf of Mexico and the Caribbean. Is that true?

Mr. SINGLAUB. That is correct. And in addition to that, over 50 percent of our support for our NATO allies as well as our forces goes through that same waterway.

Mr. HYDE. So if you flank that important waterway with Cuba on one side and a Soviet base in Nicaragua on the other side, you have got a pretty tough situation for the import and export in this country of material, troops, everything; is that correct?

Mr. SINGLAUB. That's correct. It will force the United States into a decision to either dishonor its NATO commitment or commit troops to attack those fields in Cuba and Nicaragua.

Mr. HYDE. Now, General, you of all people in the world are acutely aware of the Soviet-supported North Korean situation, which is a constant threat to South Korea and Japan. I suppose the Army was important to you. You attained two star rank, General, and I suppose your career was important to you, but you left the Army over a dispute of policy with the White House when you had a very high post in Korea; is that correct?

Mr. SINGLAUB. That is correct, sir.

Mr. HYDE. It's my recollection that the Korean war was ignited by a statement from our then Secretary of State, which excluded

South Korea from the perimeter of strategic interest which this country had.

Mr. **Singlaub**. That is correct.

Mr. **Hyde**. And Harry Truman, I suppose, surprised the North Koreans, not to say the Chinese and the Soviets, by responding, responding rather promptly, to the invasion of the South by the North. But they were kind of invited in by this statement excluding South Korea from our range of interests; is that correct?

Mr. **Singlaub**. It was certainly the wrong signal to send at that time.

Mr. **Hyde**. Well, aren't we sending a similar signal to the Soviet Union and Nicaragua by our on-again/off-again, limp-wristed—I grope for a word and I can only find wimpish—support for the Contras over the years. Aren't we saying it isn't all that important to us?

Mr. **Singlaub**. I think that we are, and certainly if you talk to any of our allies, they think that it's totally irrational for us to take this type of a chance.

Mr. **Hyde**. I mean, let's make up our mind. We don't have all that much margin for error, do we?

Mr. **Singlaub**. We do not.

Mr. **Hyde**. I take it the bell is terminating my dialogue. I have several more things to discuss with you, General. Let me close with the indulgence of just seeing if you agree with a statement by a reporter for the New York Times named Henry Kamm, who said, "Communism is the most sustained assault against the human spirit in human history." Would you agree with that statement?

Mr. **Singlaub**. I certainly do.

Mr. **Hyde**. As we look at the globe, Afghanistan, Angola, Cam Ram Bay, North Korea, we ought to be a little—Cuba, Nicaragua—we ought to be concerned about it, oughtn't we?

Mr. **Singlaub**. I believe we should be, yes.

Mr. **Hyde**. Thank you.

Chairman **Inouye**. Senator Sarbanes.

Mr. **Sarbanes**. Thank you Mr. Chairman. General Singlaub, I would like to direct your attention to exhibit no. JKS-6, if you have it there.

Mr. **Singlaub**. Yes, sir.

Mr. **Sarbanes**. Now, this memorandum which states that the objective is to create a conduit for maintaining a continuous flow of Soviet weapons and technology to be utilized by the United States in its support of Freedom Fighters in Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, et cetera. Is that correct?

Mr. **Singlaub**. That is correct, yes.

Mr. **Sarbanes**. And then it states that the problem is with each passing year Congress has become increasingly unpredictable and uncooperative regarding the President's "desire to support the cause of Freedom Fighters."

So the problem that this memo sees is that the Congress is not acceding to the President's request easily to support these Freedom Fighters; is that correct?

Mr. **Singlaub**. That is correct.

Mr. **Sarbanes**. So this was to work out a scheme to get around the Congress. Would that be fair to say?

Mr. **Singlaub**. It is a scheme to avoid having to appropriate funds from the taxpayer in order to carry out the national policy of this country, yes.

Mr. **Sarbanes**. But to do that you would have to use this country, because we would, to make the scheme work, we would have to provide high-technology equipment and information to Country A. Country A would then provide sophisticated weapons to Country B, and Country B would then supply Soviet-type weapons to a trading company to provide to these insurgencies; is that correct?

Mr. **Singlaub**. That is correct, yes.

Mr. **Sarbanes**. And so this whole scheme could work with the U.S. Government's involvement in kicking it off, priming the pump as it were, by providing high technology equipment and information. And there is a chart that sets out this three-way trade; is that correct?

Mr. **Singlaub**. Right.

Mr. **Sarbanes**. And then over on the following page it says in the third paragraph in terms of result's,

> The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

Is that correct?

Mr. **Singlaub**. That is what the document says, yes.

Mr. **Sarbanes**. Let me just say, I regard this as serious a concern as anything that I have seen that has come before us in these hearings because fully developed this was a scheme whereby a flow of weapons could be provided all over the world without the knowledge of the Congress or the State Department, according to this memo, and without accountability.

Now, let me ask you about the memo, because you touched on it only briefly in your testimony. You indicated that you had seen this document yesterday.

Mr. **Singlaub**. Yes.

Mr. **Sarbanes**. Where was it you saw it?

Mr. **Singlaub**. I am afraid I can't be specific. It was discussed with me or shown to me as being something that was being briefed to officials here in Washington. I don't honestly remember whether it was in an office or whether it was in my hotel.

Mr. **Sarbanes**. Who showed it to you?

Mr. **Singlaub**. The president of GeoMiliTech.

Mr. **Sarbanes**. And you say you saw it before it was presented to Director Casey? You said that?

Mr. **Singlaub**. Yes, I did.

Mr. **Sarbanes**. Now, you were asked whether you knew whether or not this document was presented to any other individuals apart from Director Casey, and you said, "I believe that it was discussed with Oliver North."

And then you went on to say, "I know that it was discussed with former senior officials of the U.S. Government."

Who were those former senior officials?

Mr. **Singlaub**. Former Secretary of State Alexander Haig was one of them. Another was former National Security Adviser Richard Allen.

I believe that it was discussed with some others, but at this point I don't really remember. I know this only by hearsay, not firsthand knowledge.

Mr. **Sarbanes**. And you think it was discussed with Oliver North—this memo was found in North's safe, incidentally, I am told by the staff of the committee. And you understood it was presented to Director Casey.

The memo says on the last page, the last paragraph,

> We have received confirmation from blank and blank that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with those countries to implement it.

Who do you understand your encouragement and belief—whose encouragement and belief was this memo addressed to?

Mr. **Singlaub**. I believe it was for Director Casey.

Mr. **Sarbanes**. And who were the "we" who will proceed?

Mr. **Singlaub**. I have to assume that that is the company that originated the document.

Mr. **Sarbanes**. Mr. Chairman, if I may ask one final question.

How do you think the decisions for the United States to help a Resistance movement should be made?

Mr. **Singlaub**. Well, this is a policy at the present time—a foreign policy is made by the Executive Branch. There has been some debate whether it originates in the National Security Council or whether it originates in the Department of State, but, generally speaking, the initiative in accordance with our Constitution is that it comes from the Executive Branch with the advice and consent of the Senate and with the House appropriating the necessary funds to carry it out.

Mr. **Sarbanes**. Well, this, then, was—although you labeled it a good plan, it, in effect, is a plan to get around the constitutional system that would require the President and the Congress acting together to make these policy decisions, would it not?

Mr. **Singlaub**. There are many decisions that would have to be made in this document, that is, the release of the high technology requires decisions of the government. It would have to have the approval of the U.S. Government, but what it avoided, avoids is having to appropriate funds for the purpose of carrying out these support operations which are generally covert for the Resistance forces, the democratic Resistance forces around the world.

Mr. **Sarbanes**. When you disagreed with President Carter on the withdrawal of American troops from Korea, did you go to the Congress to present your case?

Mr. **Singlaub**. I was summoned to the Congress to present my case, yes.

Mr. **Sarbanes**. Did you feel the Congress had a role to play with respect to that decision?

Mr. **Singlaub**. They did, yes.

Mr. **Sarbanes**. Do you think the Congress should have a role to play with respect to the decisions of the sort contained in this memo?

Mr. **Singlaub**. As long as it does not interfere with the sovereignty of this country and the requirements placed upon the President to defend this country against its enemies.

Mr. **Sarbanes**. Would you say that you think the Congress should be involved when their involvement will support the substance of your position, but not involved when their involvement would not support the substance of your position?

Mr. **Singlaub**. I guess I don't understand the question, Senator Sarbanes.

Mr. **Sarbanes**. Well, in the Korean situation, you thought Congress should be involved. Congress supported your position.

In this situation, I take it you think Congress should not be involved, because Congress was not supporting your position.

Mr. **Singlaub**. No, I don't think I have said that the Congress should not be involved.

What I am saying is that the Congress has shown an inconsistent position with respect to supporting the President's announced policy.

It was the policy of this country to support the Nicaraguan Freedom Fighters. We gave them money, we gave them encouragement, and we placed them in harm's way. When they were in that position, we suddenly withdrew that assistance and then later gave them a little bit more assistance, and finally we are back to where we were before with the full support of the Congress.

It is the inconsistency that is creating the problem in this situation, and the actions that I have taken without any remorse is to try to keep the Nicaraguan Freedom Fighters alive during this temporary hiatus in support.

Mr. **Sarbanes**. I would only close with the observation that you were prepared to——

Chairman **Inouye**. I must insist that we call on Congressman Cheney.

Chairman **Hamilton**. Mr. McCollum.

Mr. **McCollum**. Thank you, Mr. Hamilton.

I just want to ask a clarifying question to General Singlaub. Earlier today you testified, as I recall, that you and Colonel North discussed the Boland Amendment and decided to live within it, even though there were some mixed interpretations of law about it, by assuming the worst case that perhaps the NSC would be covered by it.

Am I correct?

Mr. **Singlaub**. That is correct.

Mr. **McCollum**. You were then asked if you had decided to avoid publicity about your actions. I didn't quite understand your response to that. I don't understand why you decided that or if you decided that. That isn't clear to me. I would like you to clarify it, if you would.

Mr. **Singlaub**. I was involved in openly supporting the Nicaraguan Freedom Fighters both in terms of education, giving speeches, telling what I believed to be the truth based upon my observation on the site, and I was also conducting fundraising activities to include writing letters, to include giving speeches, raising funds, trying to coordinate the efforts of a large number of conservative organizations here. And in doing that, the media started to report on it.

When the media started to report on it, and giving me more visibility than I wanted, I discussed this with Colonel North who expressed concern that since I visited him frequently and many people knew that we were friends, it might impact adversely upon his situation.

We discussed that there were advantages. The one that I have mentioned, that it is useful for fundraising. I also pointed out that there were two other advantages to my high profile at the time, and that is it was a boost to the morale of the Nicaraguan Freedom Fighters who had felt that they had been betrayed in some cases by this turn off of funds, and third, it did, in fact, serve as sort of a lightning rod if the press was following me and asking me questions about this aid, and I was working clearly within the Boland Amendment and every other law that I thought existed. Then that would take the heat off of those who were trying to be more covert in their actions.

Mr. McCollum. The implication of that answer, the implication of it before, to some extent, was that the Boland Amendment was indeed being violated and that, therefore, that is why you were seeking to avoid the publicity.

That is the implication that could be read into it.

Mr. Singlaub. I regret that that is the case. As Congressman Hyde pointed out, our concern was primarily to avoid embarrassing those countries who were providing assistance on the ground and did not want to admit publicly that there were Nicaraguan Freedom Fighter base camps on their territory and that some of their airfields were being used in support of the Nicaraguan Democratic Resistance.

Mr. McCollum. The avoiding of publicity had nothing to do with the Boland Amendment as such then, your comments with regard to that?

Mr. Singlaub. Certainly not with respect to my activity.

Mr. McCollum. Well, with respect to Colonel North's activity?

Mr. Singlaub. As far as I know Colonel North was operating within the law, within the Boland Amendment.

Mr. McCollum. I think that is important. I wanted to clarify that. I don't know. I don't think any of us knows precisely what a court of law would determine to be the applicability of the Boland Amendment to the National Security Council. That is yet to be determined. But I think it is very important that we know what you intended to say today, and that it be perfectly clear on the record because there are a lot of implications that are written.

You already testified today about how sometimes your words get taken the wrong way. I wanted to set that very clearly straight.

Mr. Singlaub. I appreciate that clarification.

Mr. McCollum. Thank you very much, Mr. Chairman. That is the sole purpose of my asking for some time. Thank you.

Chairman Inouye. Senator Cohen.

Mr. Cohen. General Singlaub, you indicated earlier that you went to visit Mr. Pastora, I believe, in March of 1986?

Mr. Singlaub. Yes.

Mr. Cohen. And you reached an agreement with Mr. Pastora about him re-entering Nicaragua?

Mr. Singlaub. That is correct.

Mr. COHEN. And you also indicated that you had cleared this and got the agreement of Elliott Abrams in permitting you to go and so-called reach this agreement?

Mr. SINGLAUB. He posed no objections to my doing this, although he pointed out the hazards involved.

Mr. COHEN. You presented it to him in terms of what you intended to do?

Mr. SINGLAUB. Yes.

Mr. COHEN. But you also indicated, I believe, that you thought Colonel North would have some objections to it?

Mr. SINGLAUB. I knew that he was one of those who had concluded that the benefits from dealing with Commandante Zero were not overriding the problems, the burdens.

Mr. COHEN. What intrigues me is this particular agreement is it says, "the United States will do the following:" Under what authority were you able to reach such an agreement and commit the resources of the United States?

Mr. SINGLAUB. I had no authority to represent the United States. I was trying to distinguish between Commandante Zero's forces and those of us in the United States that were anxious to help him and get him back in. It is an unfortunate choice of words.

The thing was written out by hand in a relatively short period of time. I just, at the moment, couldn't think of another way of representing my side because I didn't want to say it was me. I represented a large number of conservative groups.

Mr. COHEN. I think you also indicated you believed somebody in the CIA had sabotaged that effort?

Mr. SINGLAUB. That is correct.

Mr. COHEN. Did you complain to Director Casey about it?

Mr. SINGLAUB. No, I did not. We did not discuss Nicaragua.

Mr. COHEN. One final question to follow up on, Chairman Inouye's. You indicated before had you known about the Iranian initiative, you would have objected to it?

Mr. SINGLAUB. Yes, sir.

Mr. COHEN. Primarily because of the people that were involved?

Mr. SINGLAUB. Yes. It is my view that there is a better group of people in Iran to deal with than those that are closely associated with the Ayatollah.

Mr. COHEN. You objected to Mr. Ghorbanifar and Khashoggi?

Mr. SINGLAUB. That is correct.

Mr. COHEN. And their reputations were well known within the community that you were circulating in.

Mr. SINGLAUB. That is correct.

Mr. COHEN. If it were possible, in your judgment, to raise money by selling arms to the Iranians in order to take the profit and sent it to the Contras, you would have approved that?

Mr. SINGLAUB. No. I had taken a very strong position several years ago that I did not think that we wanted to sell arms to the current government in Iran. It was not in the best interests of the United States.

Mr. COHEN. As Chairman Inouye pointed out, what took place in effect was they took your proposal for Country Number Three that you gave as an option in 1985 and applied it to Country X, or Iran? Right?

Mr. SINGLAUB. It appears that there is some similarity, but there is a difference.

Mr. COHEN. Thank you very much, Mr. Chairman.

Chairman INOUYE. Senator Hatch?

Mr. HATCH. General Singlaub, let me just take a few minutes with you.

First of all, I want to tell you that I appreciated you through all these years and appreciate the service you have given to our country. You parachuted into occupied France during World War II, helped the French Resistance, parachuted later into a Japanese prisoner-of-war camp.

You jumped into the heart of the major struggles in Korea and elsewhere and jumped into the heart of this matter. I think you have done a very good job within the framework of our own personal beliefs and what you are trying to do. Let me just say this.

You have been involved in military operations almost all of your life. Are there times when covert actions are actually necessary?

Mr. SINGLAUB. It is certainly my belief that that is the case.

Mr. HATCH. There isn't a major country in this world that conducts foreign policy without covert accounts; is that correct?

Mr. SINGLAUB. I know of none.

Mr. HATCH. I know of none either. As a matter of fact, you can't even deal with some countries unless you do it in a secret or covert way; isn't that correct?

Mr. SINGLAUB. That is correct.

Mr. HATCH. Some of the most important allies in the world depend upon our doing—our dealing with them in a covert or secret way?

Mr. SINGLAUB. That is correct.

Mr. HATCH. All right.

Now one of the things that interested me when Senator Sarbanes was questioning you was on this exhibit 6, and I notice that you, Mr. Studley or Mr. Dutton or both came up with this particular memorandum; is that correct?

Mr. SINGLAUB. That is correct, yes, sir.

Mr. HATCH. OK.

I am sorry.

All I can say is that this particular memorandum does provide alternative proposals with regard to covert action or covert proposals to try to resolve some of the problems down in Nicaragua; is that correct?

Mr. SINGLAUB. That is correct, yes, sir.

Mr. HATCH. And you don't indicate in there that—let me turn this thing off.

You do—it does say in here that with each passing year Congress has become increasingly unpredictable and uncooperative regarding the President's desire to support the cause of Freedom Fighters despite growing Soviet aggression, or oppression is the word; is that correct?

Mr. SINGLAUB. That is correct, yes.

Mr. HATCH. Do you agree with that?

Mr. SINGLAUB. Yes, I agree with that part of it.

Mr. HATCH. One of the problems that I have seen here really has been Congress. Congress has been very critical of everything that happened here, critical of the President, critical of people in the National Security Council, critical of people in the outside. We have lots of criticism.

But you know if you look at the history of the Boland Amendments—and I think Mr. Boland is one of the fine people in the Congress, but he has to live with the Congress itself, so when he passes amendments, they are generally compromises, they are generally language to try to please a whole raft of people, sometimes very difficult to please. Here we have 1 year's aid is allowed as long as it is not used by the CIA to overthrow the Nicaraguan Government or the Sandinistas.

The next year it is permitted so long as the DoD and the CIA do not engage in a list of specific activities under the amendment.

The next year it is allowed basically with no restrictions or very few restrictions at all. The next year aid, director or indirect, is forbidden.

The next year aid is permitted again, but only if it is humanitarian.

Finally, aid is resumed without basically conditions.

Then the Congress passes $100 million as though it is really going to do something down here, $70 million of which is allowed to be used for lethal assistance with relatively few restrictions.

Now, is that a set of instructions from the Congress that any President can really live with or any battle commander can live with, or any Contra force can live with, and be effective?

Mr. SINGLAUB. I don't think that anyone can live with that kind of inconsistency an on-again, off-again type activity.

Mr. HATCH. I think that is why the President has called for private assistance here. And he has been very open about it. That he needed private assistance, we have to keep this cause alive, this whole hemisphere depends on what happens.

Am I correct in, perhaps, concluding that the President didn't know what to do with Congress, Congress had given all those inconsistencies and inconsistent approaches and that has really been the problem here, hasn't it?

Mr. SINGLAUB. So far as I am concerned, that is it, sir.

Mr. HATCH. Well, I think it is, too. I think Congress ought to look to itself a little bit here before criticizing everybody else, even though—let's face it, the intentions were noble—the process was wrong. And there were things wrong here with what went on.

But I think what we ought to be trying to do is solve these problems and go on from here and start solving the problems instead of wasting so much time trying to nail somebody's hind to the wall. That is what sometimes it seems to me we are doing around here.

Do you differ with that?

Mr. SINGLAUB. No, I believe as you have described it we are facing a self-inflicted wound. I don't think it is necessary.

Mr. HATCH. Well, I think you summed it up better than I ever could.

Thank you, sir.

Chairman INOUYE. General Singlaub, on behalf of the Joint Committee, may I thank you for assisting us in this investigation, and subjecting yourself to this intensive interrogation.

We appreciate it very much.

Before being excused, would you care to identify your counsel?

Mr. **Singlaub**. Counsel is Bob, Robert Kelley, from the John Sears law office.

Chairman **Inouye**. Thank you, sir.

Several exhibits have not been entered into the record. So at this moment without objection, the following will be made part of the permanent record.

Exhibit 6, exhibits 74 through 77A, exhibits GJS-1 through 2, exhibits AC-1 through AC-6, exhibits JKS-1 through 8, JC-1 and 2, ECG-1 to 3, WBO-1.

Also exhibits 75 through 77, which were admitted on Friday, May 8, will be renumbered exhibit 28B to 28D.

Chairman **Inouye**. Exhibit JKS-9, will also be made part of the permanent record.

[Exhibits 6 and 75 through 77 appear in volume 100-1. Exhibits 28B through 28D, 74, 77A, GJS-1, and GJS-2 appear in volume 100-2.]

Chairman **Inouye**. I wish to announce at this time that this hearing will resume at 9:00 a.m., next Wednesday and will continue until Friday that week. It will be conducted in room 2154 of the Rayburn Building.

Our next witness who will appear at 9:00 a.m., next Wednesday—I am sorry. It is 2172 Rayburn Building.

Our next witness will be Albert Hakim.

Then beginning on June 2d, through June 4th, the hearings will resume in this room beginning at 9:00 a.m.

This afternoon we initiated the Hamilton plan for expediting hearings. That is why we are able to adjourn before 5:30.

Mr. **Singlaub**. Mr. Chairman, may I thank you very much and the members of your committees for allowing me this opportunity to express my views before this group and for the kind remarks that have been made with respect to my previous activities.

Thank you.

Chairman **Inouye**. Thank you, sir.

The hearing will stand in recess until next Wednesday.

[Whereupon, at 4:20 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Wednesday, May 27, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Robert C. Dutton and Felix I. Rodriguez

WEDNESDAY, MAY 27, 1987

House Select Committee To Investigate
Covert Arms Transactions With Iran
and
Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition,
Washington, DC.

The Select Committees met, pursuant to call, at 9:05 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman Hamilton. The joint hearings of the House and Senate Select Committees will come to order.

The witness this morning is Mr. Robert Dutton. Mr. Dutton, would you stand and raise your right hand.

[Witness sworn.]

TESTIMONY OF COL. ROBERT C. DUTTON, U.S. AIR FORCE, RETIRED

Chairman Hamilton. You may be seated. Questions will begin by Mr. Ken Ballen.

Mr. Ballen. Thank you, Mr. Chairman.

Sir, did you serve in the Armed Forces of the United States?

Mr. Dutton. Yes, I did.

Mr. Ballen. What branch did you serve in?

Mr. Dutton. The U.S. Air Force.

Mr. Ballen. How long did you serve in the Air Force?

Mr. Dutton. Twenty-six-and-a-half years.

Mr. Ballen. Did you have any combat experience while you were in the Air Force?

Mr. Dutton. Yes, sir, I did.

Mr. Ballen. How many combat flying hours did you have?

Mr. Dutton. 412.

Mr. Ballen. Where did you have those combat—where did you conduct your combat?

Mr. Dutton. My first experience was in 1963, flying out of Bien Hoa, and in 1966 I went back to Nakhon Phanom Thailand, and we flew against the Ho Chi Minh Trail.

Mr. BALLEN. Mr. Dutton, you were saying in 1963 was your first combat?

Mr. DUTTON. In 1963, we flew out of Bien Hoa, and in 1966 I went to Nakhon Phanom, Thailand where we flew against the Ho Chi Minh Trail.

Mr. BALLEN. Did you, in fact for those efforts, receive three distinguished flying crosses and 11 air medals?

Mr. DUTTON. Yes, I did.

Mr. BALLEN. When did you retire from the U.S. Air Force?

Mr. DUTTON. 1 May 1986.

Mr. BALLEN. What rank?

Mr. DUTTON. Colonel.

Mr. BALLEN. Colonel Dutton, what is a special operation in the U.S. military?

Mr. DUTTON. I say a special operations, a special operation becomes a special operation when the element of secrecy, the fact that it is usually a very high-risk operation, high payoff if you are successful, low probability of success.

Mr. BALLEN. Who conducts these operations?

Mr. DUTTON. All branches of the Armed Services, in cooperation with, I would say, basically all of the agencies of the U.S. Government.

Mr. BALLEN. On May 1, 1986, did you begin work on a special operation?

Mr. DUTTON. Yes, sir, I did.

Mr. BALLEN. And for how long?

Mr. DUTTON. I would say we stayed with it until about mid-November.

Mr. BALLEN. What was this special operation?

Mr. DUTTON. It was an air resupply effort to support the—I was most interested in the southern force of the Contras, but we also supported the FDN in the northern part of Nicaragua.

Mr. BALLEN. What were your duties in connection with this air resupply operation to support the Contras?

Mr. DUTTON. I was asked to manage the operation, to basically take an operation that was not working and get it to work.

Mr. BALLEN. Who commanded the operation, sir?

Mr. DUTTON. General Secord and Colonel North.

Mr. BALLEN. Who did you report to?

Mr. DUTTON. General Secord and Colonel North.

Mr. BALLEN. What was General Secord's role, sir?

Mr. DUTTON. General Secord had a great deal of experience in air special operations. I would have said that he was more of the operations director. Colonel North dealt mostly on the policy side, but I dealt with them as coequals. I could take just about any issue to either one of them, whoever was available.

Mr. BALLEN. So they were both in command in your understanding?

Mr. DUTTON. That is correct.

Mr. BALLEN. Sir, did Colonel North ever indicate to you who you were working for?

Mr. DUTTON. He indicated to me that we were working for the President of the United States.

Mr. **Ballen**. Colonel Dutton, was this the first special operation you had ever engaged in for the President of the United States?

Mr. **Dutton**. No, sir it's not.

Mr. **Ballen**. What were the previous operations?

Mr. **Dutton**. In 1979, I was on the operation staff for the Iran rescue, code name Rice Bowl, and at the completion of Desert I when General Vaught came back, he was instructed that since there were still hostages in Iran that we were to go into full operation to determine some way to get in to get them out. We code named an operation Honey Badger which lasted from April until November, and I was the J-3, or the operation's officer, for that operation.

Mr. **Ballen**. Honey Badger was from April to November of what year?

Mr. **Dutton**. 1980.

Mr. **Ballen**. What kinds of activities did you conduct in reference to Honey Badger?

Mr. **Dutton**. We conducted ten major exercises. Each one was an option that we could have executed to go in and get the hostages out. We had varying information as to where the hostages were located and each time we got new information we had to come up with a new plan of how we might get them out. Each time we did that, we would actually conduct the operation exactly the way we intended to do it within the confines of the United States.

Mr. **Ballen**. Who was your commander on Rice Bowl and Honey Badger?

Mr. **Dutton**. Lieutenant General Vaught.

Mr. **Ballen**. Sir, who was his deputy?

Mr. **Dutton**. General Secord.

Mr. **Ballen**. What distinguished Honey Badger and Rice Bowl as special operations from normal military operations?

Mr. **Dutton**. I think in that case, the chain of command, which was directly from General Vaught to the President.

The fact that we had to deal in secret communications.

It was very expensive, and again it had the identity of being very high risk, high probability of failure, but a high payoff if we were successful.

Mr. **Ballen**. Who was the President at the time?

Mr. **Dutton**. President Carter.

Mr. **Ballen**. Sir, how could—you testified that General Vaught reported directly to the President. How could the normal chain of command be bypassed in that operation?

Mr. **Dutton**. It was the desire of the President.

Mr. **Ballen**. What access, if any, did General Vaught have to high ranking officials in various branches of the government?

Mr. **Dutton**. General Vaught had very broad access to the major agencies of the U.S. Government. It was necessary in order for us to be able to just do the things that we needed to do.

Mr. **Ballen**. What enabled him to have that kind of authority and access?

Mr. **Dutton**. Because the President gave him that authority.

Mr. **Ballen**. How was Honey Badger financed? Was it appropriated funds or how was it financed?

Mr. DUTTON. It was appropriated funds but it was—since there had never been a program set aside for Honey Badger, we spent the money and then they went back to the Services and said here is how much of the pie you owe, and they took it out of the Service funding. I understood that when it was over, the idea was to come back to Congress to ask for additional money to fill in what we had spent.

Mr. BALLEN. But it was not specifically appropriated?

Mr. DUTTON. No, it was not.

Mr. BALLEN. You testified I believe that your position in Honey Badger was J-3, in charge of operations?

Mr. DUTTON. That is correct.

Mr. BALLEN. Who did you report to?

Mr. DUTTON. I reported to General Vaught.

Mr. BALLEN. Who did he report to?

Mr. DUTTON. The President.

Mr. BALLEN. Did you ever meet the President?

Mr. DUTTON. Yes, I did.

Mr. BALLEN. What was the occasion?

Mr. DUTTON. After the force came back from Desert I, we got the operations staff and some of the operators together in the Pentagon and President Carter came over and made a little presentation and came around and shook everybody's hand and said thank you.

Mr. BALLEN. After Honey Badger, what was your position in the U.S. Air Force?

Mr. DUTTON. I was the Assistant Director for Special Plans, Headquarters, U.S. Air Force.

Mr. BALLEN. What does that unit engaged in?

Mr. DUTTON. Highly classified sensitive operations.

Mr. BALLEN. What was your next assignment after Special Plans in the Air Force?

Mr. DUTTON. I was transferred to Scott Air Force Base, Illinois, where I became the Deputy Chief of Staff for Operations for 23d Air Force, Military Airlift Command.

Mr. BALLEN. What is the business of the 23d Air Force?

Mr. DUTTON. Special Operations, rescue. We combined the rescue and special-ops forces under one command in order to get a sized force that we could conduct the special operations that were required for this country.

We have members here that have worked hard with us on that issue.

Mr. BALLEN. What were your responsibilities for these special operations in the 23d Air Force?

Mr. DUTTON. As Deputy Chief of Staff for Operations, I was responsible for any time we were operating, if we were exercising the fact that the force would be trained well enough, that they had the proper training, that the equipment was operating correctly, that we, in fact, were responsive to the needs of the people that we were supporting, which was basically the Special Forces.

Mr. BALLEN. Colonel Dutton, how long did you serve in the U.S. Air Force?

Mr. DUTTON. Twenty-six and a half years.

Mr. BALLEN. How many of those years were in special operations?

Mr. DUTTON. I would say almost 20 of them.

Mr. BALLEN. Of those years, how many were you in a position where you were responsible for conducting special operations?

Mr. DUTTON. I would say 8 to 10.

Mr. BALLEN. Would you say there are many officers in the U.S. Air Force that have your experience in special operations?

Mr. DUTTON. I would say there's less than a dozen.

Mr. BALLEN. How did you happen to come to work for the Central American Air Resupply Operation?

Mr. DUTTON. When I made the decision to retire from the U.S. Air Force, I informed General Secord that I was going to get out in the summer of 1986, and we were on a trip to Colorado with the Secords. And he made an offer to me to come and work for him at Stanford Technology Trading Group International.

At that time he mentioned that he was in the process of conducting a special operation that he could sure use my help at.

Mr. BALLEN. When General Secord asked you to assist him on this special operation, what was your job?

Mr. DUTTON. I was then the DO of the 23d Air Force.

Mr. BALLEN. What was your job to be on the special operation that he asked you to assist him on?

Mr. DUTTON. I was to be the manager or the director of operations.

Mr. BALLEN. How did that compare to your previous experience in the Air Force?

Mr. DUTTON. It is what I had been trained to do.

Mr. BALLEN. Did you, in fact, accept General Secord's offer and begin work on this special operation?

Mr. DUTTON. Yes. I retired from the military on 1 May and reported to General Secord's office on 2 May.

Mr. BALLEN. Could you please describe to the committee who worked in this operation? You mentioned Colonel North and General Secord above you. Who else worked in the operation?

Mr. DUTTON. The people that worked with me were mostly down at our Central American main operating base. We had air crew and maintenance people that—the maintenance folks took care of our small fleet of aircraft. The air crews, of course, were flying the missions. Most of them had been hired before I came on board and I found, to my pleasure, that some very highly experienced people had been hired.

Our manager, Bill Cooper, had over 25,000 hours of flying time, much of it with Air America. He had conducted these kinds of operations all his life.

His deputy, John McRainey, had 19,000 hours of flying time and, when you consider that in my 26½ years and I ended up with some around 5,000 hours of flying time, you can see how experienced these people were and I was very glad to have them.

The maintenance people had been pulled together. Fortunately, they are the kinds of guys that could put together an operating aircraft with baling wire and chewing gum.

Mr. BALLEN. How many pilots and flight crew were there?

Mr. DUTTON. The average was about 19.

Mr. **Ballen**. In managing this effort, as you testified you were going to do, what requirements, if any, did you impose on the operation?

Mr. **Dutton**. Over my years of experience as I went through from working as a worker bee in special operations, trying to manage special ops, I had learned certain things. One of them was if an organization is going to work, it first of all has to be an organization.

People have to understand who is in charge, and you must be able to hold somebody responsible for whatever happens. People have to know who is responsible for maintenance, who is responsible for support, who is the Director of Operations, who is going to conduct the operations.

Mr. **Ballen**. Did you establish any organizational chain?

Mr. **Dutton**. That was my first task was to sit down and start doing that.

Mr. **Ballen**. Did you impose any accounting requirements on the crew down in Central America who were conducting the operation?

Mr. **Dutton**. Yes, sir, I did. In my experiences in Headquarters Air Force, I had learned that slush funds, unaccounted-for moneys, were always going to be a problem, and that if you didn't demand an accountability for the money that was put in your charge, that you were going to end up with a problem.

Mr. **Ballen**. Did you impose any financial accounting requirements——

Mr. **Dutton**. I did. I had our Director of Support, Ramon Medina, in fact account for every penny we spent. It had been impressed on me by both General Secord and Colonel North that we were operating with donated funds, and that we had to have accountability for how we spent them, and I passed that on to the people down there.

In fact, it's my understanding that we have turned over to the committee somewhere around between 2 and 3,000 documents that account for every penny we spent.

Mr. **Ballen**. Did you require the crew to have any safety requirements for their own safety in Central America?

Mr. **Dutton**. That is always a concern especially when you have got as few aircraft as we had, any accident of any kind can cripple you. So, yes, I asked for after-mission reports so that the crews could learn from each other what the dangers were, what we were learning when we were down in the operating area.

Mr. **Ballen**. And you received these mission reports personally, sir?

Mr. **Dutton**. Yes, I did.

Mr. **Ballen**. Who did you give reports to?

Mr. **Dutton**. I passed the reports to General Secord and to Colonel North.

Mr. **Ballen**. How sir, were communications conducted between yourself and General Secord and Colonel North and the other principals in this operation?

Mr. **Dutton**. We tried to the greatest degree possible to use the KL-43 encryption device that had been provided for us. We knew that all communications coming out of Central America were going through a microwave relay located in Managua, so we were quite certain that anything that was being said over the telephone was being read by the opposition, and the KL-43 allowed us to talk back and forth with some degree of security.

Mr. **Ballen**. Where did you get the KL-43?

Mr. **Dutton**. General Secord gave me the one that I was using.

Mr. **Ballen**. Where did he get that from?

Mr. **Dutton**. He got it from Colonel North.

Mr. **Ballen**. Did you ever learn where Colonel North obtained the KL-43s—there was more one, I take it?

Mr. **Dutton**. Yes, there were, there were a number, and he got them from NSA.

Mr. **Ballen**. Sir, how did they operate? How was the code distributed, and what was it?

Mr. **Dutton**. There was a tape that came in a cassette, one tape for each day of the month. In the morning, you would pull out the tape for the day, clear the machine and load it with the new code, and all the people that had the machines would load their own machines and then we could talk to each other.

Mr. **Ballen**. Where did you obtain the tapes?

Mr. **Dutton**. We got them from Colonel North's office.

Mr. **Ballen**. And would that be on a monthly basis?

Mr. **Dutton**. Yes. We tried to get them before the end of each month—I believe on one occasion we were actually able to get 2 months all at once. We would have our administrative assistant go down to Colonel North's office and pick the tapes up there—bring them out to us.

Mr. **Ballen**. Sir, was this kind of secrecy normal from your experience in special operations?

Mr. **Dutton**. I think secrecy in communications, I would call it critical for a special operation.

Mr. **Ballen**. You testified, if I have your testimony correctly, that Colonel North operated as the policy commander of the special operation to resupply the Contra forces, is that an accurate description?

Mr. **Dutton**. If we were to have to divide it up, that is probably as good as any. I considered that Colonel North and General Secord were my cocommanders. If General Secord was out of the country, whether it would be policy or any problem, I would have felt comfortable going to Colonel North with it.

Mr. **Ballen**. What was North's rank?

Mr. **Dutton**. Lieutenant Colonel.

Mr. **Ballen**. Did you know his position at the National Security Council?

Mr. **Dutton**. I didn't have the title at the time, I understand Deputy Director for Political Affairs or something on that order.

Mr. **Ballen**. What access, if any, did Colonel North have to various executives in the Executive Branch from your own observation?

Mr. **Dutton**. Colonel North had very broad contact and I would consider it at the very highest levels of the various branches of the Government.

Mr. **Ballen**. For example, who did he have contact with that you were personally aware of?

Mr. **Dutton**. I heard him refer to Bill a couple of times and I didn't know who he was talking about until it was identified he was talking about Mr. Casey.

Mr. **Ballen**. In what context would he mention——

Mr. **Dutton**. Discussions with the CIA, about our project, about what we were doing and towards the end when we were looking at the transfer of the operation over to the CIA.

Mr. **Ballen**. What other individuals did Colonel North have access to from your own observation apart from Mr. Casey?

Mr. **Dutton**. He mentioned in a telephone conversation that he had talked with Mr. Meese when Southern Air was coming under investigation. Mr. Langton had called me stating that there could have been a problem if they went into the records, they could uncover some other classified operations that were being done with other departments of the U.S. Government, and asked me if there was something that I could do.

I called Colonel North and in the context of getting the investigation turned off he mentioned to me that he had talked to Mr. Meese.

Mr. **Ballen**. Did Colonel North mention talking to any other high official of the U.S. Government?

Mr. **Dutton**. Not directly that I can recall.

Mr. **Ballen**. How about in the Department of Defense?

Mr. **Dutton**. I don't recall specifically that he named anybody, but in dealing with Colonel Jim Steele, who was the commander of the military group in the Central American country where we were operating out of, to me it was obvious that Colonel Steele could not be caused to either react or to back away unless his chain of command understood what he was doing and what we were doing.

Mr. **Ballen**. Now sir, was the kind of access you just described on the part of Colonel North to high officials in the Government unusual, in your experience?

Mr. **Dutton**. No. I would say for Colonel North, to say that a lieutenant colonel had that sort of access would be unusual. To a man running this kind of operation, you couldn't get past first base if you didn't have that type of access and that type of support, and that had been true throughout every special operation I have ever worked.

Mr. **Ballen**. Was it true with General Vaught?

Mr. **Dutton**. Yes. In fact, I would say Colonel North had a little broader access than even General Vaught did, but General Vaught had very broad access.

Mr. **Ballen**. How did Colonel North have broader access than General Vaught, to your knowledge?

Mr. **Dutton**. I don't recall General Vaught ever mentioning that he had contacts with the likes of Mr. Meese.

Mr. **Ballen**. Now, sir, was the legality of your operation ever explained to you?

Mr. **Dutton**. Yes, it was at the outset.

Mr. **Ballen**. Who explained it?

Mr. **Dutton**. General Secord.

Mr. **Ballen**. What did he say?

Mr. **Dutton**. When he gave me a first rundown on the operation, he basically said here's what we are doing, it is a resupply operation, it is being done at the behest of the White House and here are some of the rules that we operate by.

Mr. **Ballen**. When did he tell you this?

Mr. **Dutton**. This was at our first, very first meeting on the 2d of May. At that time we discussed the Neutrality Act, and he subsequently gave me a copy of a legal opinion that he had had written that drew out the rules of engagement, that said, in fact, if we did not deliver people into the combat area, if we delivered only goods, even if it was arms, that we were legal as far as the Neutrality Act.

Mr. **Ballen**. In fact—so your plan was to supply arms to the Contra rebels; is that correct?

Mr. **Dutton**. That's correct.

Mr. **Ballen**. Did you ever discuss the legality of the operation with Colonel North?

Mr. **Dutton**. Not in specific terms. I really didn't feel that I had to. Once I had gone over the basics with General Secord—we also discussed the Arms Export Control Act, the fact that no arms came out of or transited the United States.

Mr. **Ballen**. How about with Colonel North, did you ever discuss any of those items with Colonel North?

Mr. **Dutton**. Once I discussed it with General Secord, it was—to me, Colonel North was operating out of the NSC and, as far as I understood, he was working for the President and I had no need to question the legality of what we were doing. I just took it as an assumption that it was legal.

Mr. **Ballen**. Sir, how were you paid during the course of this operation?

Mr. **Dutton**. My contract with STTGI was a 1-year contract at $5,000 a month.

Mr. **Ballen**. Did you conduct other STT—Stanford Technology—business while running this air resupply operation?

Mr. **Dutton**. I did, but not as much as probably they would have liked.

Mr. **Ballen**. Did Colonel North ever mention to you whether or not you would receive any recognition for your work on this special operation, resupplying the Contras?

Mr. **Dutton**. In September, after what I consider, we became successful and I came back from my trip to Central America, I met Colonel North out in our office. He said at that time, he said, you know, this has been a success, you will never get a medal for this but someday the President will shake your hand and thank you.

Mr. **Ballen**. Sir, how did you understand Colonel North's remark at that point in time?

Mr. **Dutton**. It didn't surprise me. It had happened before. To me, that would have been sufficient. There wasn't any pay to be given or gotten for it, it was something that we were doing for the boss.

Mr. **Ballen**. Colonel Dutton, when you first started working on the air resupply operation, what steps did you take? What did you first do?

Mr. **Dutton**. One of the first things I did was, as I said, went down and looked at the organization and determined that, in fact, there wasn't an organization.

Mr. **Ballen**. Did you go to Central America to do that?

Mr. **Dutton**. Yes, I did.

Mr. **Ballen**. And when was that?

Mr. **Dutton**. The 19th through the 23d of May.

Mr. **Ballen**. What was the purpose of this trip?

Mr. **Dutton**. You can't very well sit back in Washington and try to criticize or reconstruct an organization. You have to go down and put your eyes and your hands on it. I wanted to see the equipment. I understood that the equipment was not operating very well. We were not getting aircraft in the air. There were problems in making contact with the forces we were supposed to be resupplying.

I wanted to go down and see for myself exactly how the operation was being run and who was being effective and who wasn't.

Mr. **Ballen**. Sir, when you went down there, how many aircraft did the operation have?

Mr. **Dutton**. We had four.

Mr. **Ballen**. What kind?

Mr. **Dutton**. We had one C-123, two C-7's and one Maule.

Mr. **Ballen**. What kind of planes are those?

Mr. **Dutton**. The C-123 is two recip engines, two jet engines, about a 2,000-mile range, 10,000-pound payload.

The C-7 is a twin-engine recip and about a 5,000-pound payload, maybe 8 or 900 mile range, reciprocating engine as opposed to a jet engine, propeller aircraft.

The Maule was a single-engine, propeller driven, and was sort of our taxi when we needed to get out to the forward operating bases. Rather than flying one of the large aircraft, we would fly it.

Mr. **Ballen**. Did you observe a warehouse that belonged to the operation at that time?

Mr. **Dutton**. Yes, I did. We had one at our main operating base.

Mr. **Ballen**. What did the warehouse contain?

Mr. **Dutton**. When I first went down there, we had parachute rigging, uniforms and an assortment of munitions.

Mr. **Ballen**. What kind of munitions?

Mr. **Dutton**. We had light machine guns, some rifles, ammunition for each. We had mortars, grenades, some C-4, which is a plastic explosive.

Mr. **Ballen**. Sir, did you have an airstrip as a forward operating base for the Southern Forces?

Mr. **Dutton**. Yes, we did. We had built one up on the northwest coast of one of the neighboring countries.

Mr. **Ballen**. Who did you learn had ordered the construction of the airstrip?

Mr. **Dutton**. It was my understanding that General Secord and Colonel North had ordered the construction.

Mr. **Ballen**. How do you know that?

Mr. **Dutton**. They told me.

Mr. **Ballen**. Was the approval of the host government ever obtained?

Mr. **Dutton**. Yes, it was.

Mr. **Ballen**. Where the airstrip was located?

Mr. **Dutton**. Not only the host government, but at this particular time, as I recall, there were elections coming up, and there was a chance that there would be, and in fact, there was a change of government, and the understanding I was given was that that was not going to be a problem in that the opposition government was also aware that we had the base up there, and as a matter of fact, they had their own National Guard guarding the base for us.

So, it wasn't any secret to them.

Mr. **Ballen**. Sir, who had told you about the permission being obtained?

Mr. **Dutton**. General Secord and Colonel North.

Mr. **Ballen**. Both?

Mr. **Dutton**. Yes.

Mr. **Ballen**. Did you ever travel to that airstrip, sir?

Mr. **Dutton**. Yes, I did on two occasions.

Mr. **Ballen**. And did you ever observe anyone protecting it?

Mr. **Dutton**. Yes, I saw the National Guard troops out on the perimeter. They were in mobile state.

Mr. **Ballen**. Sir, you say National Guard troops, were these regular soldiers from the army of the country involved?

Mr. **Dutton**. As I understand it, the country involved doesn't have a standing army, their National Guard is their army, and it is my understanding that they were soldiers from that National Guard.

Mr. **Ballen**. Sir, when had the resupply operation begun, to your knowledge?

Mr. **Dutton**. In discussions with Mr. Gadd, I was able to determine that it probably had gone back to the January–February timeframe.

Mr. **Ballen**. How many successful air drops to the Contra forces had been made by May 1?

Mr. **Dutton**. In the north, there was quite a bit of business going on flying from our forward operating base, that the FDN manned out to their forward operating bases, but these were not inside Nicaragua.

So, there were a number of those missions. There were a few missions that I understood had gone into Nicaragua to make some resupplies to the northern troops. Our operation had not made any successful drops to the southern force.

At one particularly desperate point, I understand that Southern Air Transport was contracted to fly a mission out of our forward operating base to make a resupply drop to the south, so to my knowledge, that is the only one that had taken place.

Mr. **Ballen**. Could you explain to the committee, please, sir, what the difference was between the FDN in the north and the southern forces that you were referring to, and what purpose your organization had vis-a-vis both those groups?

Mr. **Dutton**. In my view, they were two separate forces. The FDN was by far the largest and the best organized. It was also taking the majority of the heat from the Sandinistas. In order to get some of that heat off them, and in order to expand the revolution, there were a number of commandantes that had started developing what we call the southern force or the Southern Front.

There seemed to be some resistance between the FDN and this Southern Front. If the FDN could have controlled the southern commandantes, they would have been willing to support them more, and this. This was told to my people that were working with them. The fact that they did not have control of the Southern Front, they were somewhat reticent. Therefore, we had procured the munitions, stored them at our warehouse, and were basically delivering them at no cost to the Southern Front.

Mr. **Ballen**. How many men were in the Southern Front at this time, that you know of?

Mr. **Dutton**. It was about 2,000 to 2,500, but Colonel North had told me it was growing at a rapid rate, on the order of 150 men a day.

Mr. **Ballen**. Who commanded the FDN in the north?

Mr. **Dutton**. Well, I met——

Mr. **Ballen**. Who was in charge?

Mr. **Dutton**. There was Colonel Gomez and Colonel Bermudez.

Mr. **Ballen**. Who was the Director, to your knowledge?

Mr. **Dutton**. Adolfo Calero.

Mr. **Ballen**. Sir, while you made your trip in May to Central America, did you meet three crew members who were from Great Britain?

Mr. **Dutton**. Yes, I did.

Mr. **Ballen**. Why were they there?

Mr. **Dutton**. The initial plan had been that we would hire, the Brits would be hired to fly the missions that would have to actually go inside Nicaragua. We did not want to have to expose Americans to those kinds of flights. So we had hired two pilots and a load master to fly those missions.

Mr. **Ballen**. Whose plan was this?

Mr. **Dutton**. General Secord and Colonel North's.

Mr. **Ballen**. Did they explain it to you?

Mr. **Dutton**. Yes.

Mr. **Ballen**. And do you know who they paid for the British crew?

Mr. **Dutton**. I understand it was a Mr. David Walker.

Mr. **Ballen**. Sir, did—were these—did these British crews fly inside Nicaragua as per the original plan?

Mr. **Dutton**. No, they did not. Once we got them on board, I flew with one of them, we thought we were hiring highly experienced airlift pilots, and it turned out the one with the most flying time was a helicopter pilot, and the other one did not have the experience that we required, and they just, they didn't work out operationally, and then they had some problems with the local General, and were asked to leave.

Mr. **Ballen**. Sir, because of the problems you were having with the British crew, did there come a time by mid-June that Colonel North authorized missions by American-manned crews inside of Nicaragua?

Mr. **Dutton**. Yes, in June.

Mr. **Ballen**. And what did Colonel North say to that effect?

Mr. **Dutton**. We have got a southern force that is desperately in need of support. The idea of using the British crews has not worked out. We will fly our own missions.

Mr. Ballen. Sir, during this same period of time in June was any additional construction needed at the main operating base?

Mr. Dutton. Yes, it was.

Mr. Ballen. What was it?

Mr. Dutton. Right after my first trip, a load of munitions had been delivered, I departed on the 23d and my understanding now is that the load arrived on the 24th.

Mr. Ballen. Do you know where the load arrived from?

Mr. Dutton. My understanding is it came from Portugal.

Mr. Ballen. I am sorry, go ahead about the construction.

Mr. Dutton. With the addition of the new munitions the warehouse was absolutely full. We had tried to jam some of our spare parts to take care of the aircraft into the warehouse with the munitions. It became impossible. So therefore, we asked the local commander if we would pay for it, if he could assist us in adding an addition on to the warehouse whereby we could develop a maintenance facility for the aircraft, store our own spare parts, keep them in out of the weather.

Mr. Ballen. Who had approved the construction back in the United States?

Mr. Dutton. On our side?

Mr. Ballen. Yes.

Mr. Dutton. Colonel North and General Secord.

Mr. Ballen. And sir, when did you return from your first visit to Central America?

Mr. Dutton. I returned on the 23d of May.

Mr. Ballen. After you returned—I believe you mentioned this before—but what, if anything happened, to the situation with respect to the southern front, the soldiers fighting there?

Mr. Dutton. As I mentioned, Colonel North said that the force was growing in size, which sounds good except that they were having a terrible problem with mountain leprosy, they didn't have the weapons to give the troops that were coming on board, they didn't have uniforms for them. So it became a desperate situation to either get them resupplied or lose them.

Mr. Ballen. Sir, how did Colonel North become aware of the needs of the southern forces inside Nicaragua?

Mr. Dutton. Excuse me?

Mr. Ballen. The Contras forces? How did Colonel North become aware of that need that they were having and their growing volumes?

Mr. Dutton. The contact we had for the southern force was what turned out later to be the Chief of Station, CIA, for that country. I only knew him as Joe. He transmitted a number of messages both to Colonel North and to Rafael Quintero, who was working with me and Rafael would then retransmit the messages on to me and one of them was a very desperate plea for help, in fact claiming that we were playing with their lives and this is the way the troops felt, when in fact we were flying down there trying to find them to make drops to them, and we just couldn't find them at night.

Mr. Ballen. Sir, at this time do you have an exhibit book before you, the exhibits in this matter?

Mr. Dutton. Yes, I do.

Mr. **Ballen**. Colonel Dutton, I would like you to turn to, if you will, exhibits 2 and 3.

Mr. **Dutton**. Yes, I have them.

Mr. **Ballen**. You have them before you?

Mr. **Dutton**. Yes, I do.

Mr. **Ballen**. Do you recognize exhibit 2?

Mr. **Dutton**. Yes, I do. It is a series of KL–43 messages.

Mr. **Ballen**. And whose handwriting is that, sir?

Mr. **Dutton**. It is mine.

Mr. **Ballen**. And how did these KL–43 messages come about to be handwritten by you?

Mr. **Dutton**. When we started the operation we did not have a printer for the KL–43, and when I would either receive or send a message, while I could have it loaded in the machine, I could read it off of there, if I had to save it I had to hand write it.

Mr. **Ballen**. Did you save the KL–43 messages or most of them that you had transmitted?

Mr. **Dutton**. If there was something in there that I felt I might need later if there had been a policy guidance or statement of the situation that I wanted to be able to recall, I would keep it. There were a number of messages though where I would send the message and the response may be a clear answer over the telephone that says "reference your second sentence: no."

Mr. **Ballen**. Did you turn over the KL–43 messages, the transcriptions thereof that you saved, to the committee?

Mr. **Dutton**. Yes, I did. All of them.

Mr. **Ballen**. Colonel Dutton, I would like to refer you to the bottom of the second page on this message, and ask you if that represents a KL–43, message and ask you the date and who it is from, and who it is to?

Mr. **Dutton**. It is a message from me to—and it says to Max. This is Max Gomez or Felix Rodriguez. And then retransmitted to Ralph, who is Rafael Quintero. The date was the 17th of June and the message says "Goode advises Joe unable to determine exact location of the troops."

Mr. **Ballen**. Who is Goode and who is Joe?

Mr. **Dutton**. Joe was Chief of Station CIA for one of the neighboring countries.

Mr. **Ballen**. Who is Goode?

Mr. **Dutton**. That is Colonel North.

Mr. **Ballen**. Was that his code name?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. Sorry, proceed.

Mr. **Dutton**. "Therefore, tomorrow fly in support of the northern forces. We will fly the southern missions when we get the number one C–7 operating or use number two later in the week."

Mr. **Ballen**. What does the bottom of the message say? Notes from Goode, I take it that is Colonel North?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. What did Colonel North advise you of there?

Mr. **Dutton**. The UNO forces had a DC–4 and a DC–6, and evidently they were having some maintenance——

Mr. **Ballen**. Who is UNO?

Mr. DUTTON. UNO is the attempt at putting together all of the FDN, the Southern Force, under one umbrella which was called UNO, United Nicaraguan Opposition, but UNO means one in Spanish.

Mr. BALLEN. I am sorry, sir, go ahead. What did the rest of the message—what instructions did you receive from Colonel North?

Mr. DUTTON. There were two things in this particular message, one was he wanted me to ask, and I believe in this case it is Bill Cooper, if our maintenance people could help the UNO folks try and fix their two aircraft.

Mr. BALLEN. What else did he ask you to do?

Mr. DUTTON. The forward operating base that you referred to before that was in a neighboring country, we called that the Plantation, and he wanted to know if there was any chance of us getting perforated steel plank to put down on this dirt strip runway that we had. We had run into a problem of subterranean water that was going under the runway, and on one of our missions, Mr. Cooper had landed there, and the aircraft had actually sunk into the runway.

Mr. BALLEN. Did Colonel North ask you to do anything else in that message?

Mr. DUTTON. He asked a question, and that is, do we need to buy another aircraft in order to support the Southern Operations?

And this was the first time it was mentioned, and it was a Godsend as far as I was concerned because it was critical that we, the 123 was the only aircraft that could make that long a mission with a load big enough to do any good, and to have one of them, you were always at the risk of losing the mission for maintenance or for anything.

So, finally, they had made the offer that we might get a second aircraft.

Mr. BALLEN. Referring to exhibit no. 3, do you recognize that document? Is that another KL-43 message?

Mr. DUTTON. Yes, it is.

Mr. BALLEN. And from whom is it and to whom is it directed?

Mr. DUTTON. It is from me, and it is to Colonel North.

Mr. BALLEN. What is the date on it?

Mr. DUTTON. The 18th of June, 1986.

Mr. BALLEN. And directing your attention to the last sentence in the KL-43 message, "I have Bill working jet engine, plus looking for another TOAD." What does that mean, Colonel Dutton?

Mr. DUTTON. We are on a different Bill now. This is Bill Langton, President of Southern Air Transport, and Mr. Langton was brokering for us as far as—he is an aircraft broker, and he could go out and search the country for another C-123 for us, plus he was able to go out and procure spare parts, and in this case we had torn up one jet engine in an accident, and not only did I want to get that one replaced, but I convinced General Secord and Colonel North that we ought to have a spare jet engine standing by. So he was going to help us get those two items.

Mr. BALLEN. Sir, you communicated that to Colonel North the day after he asked you to start looking for another aircraft, is that correct?

Mr. DUTTON. That is right, I wasn't going to let him off the hook.

Mr. **Ballen**. By the end of June, were any successful missions flown to the southern forces?

Mr. **Dutton**. We did fly one successful mission to the south.

Mr. **Ballen**. How did that mission come about?

Mr. **Dutton**. As I stated, we had had an accident with the C–123, and we had actually finally had to return it to the United States to get some major repairs done on it. Therefore, we were left with only the two C–7s. We arranged a C–7 mission that——

Mr. **Ballen**. Is that a smaller aircraft than the C–123?

Mr. **Dutton**. Yes, and with limited range.

Mr. **Ballen**. I am sorry, go ahead. What did you arrange with respect to the C–7 aircraft?

Mr. **Dutton**. In order to make the flight down, get to the drop zone with any kind of a load that would have done the people any good, we had to make arrangements to have some refueling stop somewhere in order for the aircraft to return back home.

So we made arrangements with the neighboring country where Joe was the Chief of Station, and he and the MilGroup Commander in that country made arrangements for, after the airdrop, for us to land at their international airport and refuel. They arranged for our flight plan to return to our main operating base.

Mr. **Ballen**. When you say MilGroup Commander, what is the MilGroup commander?

Mr. **Dutton**. That is the U.S. military group. In each of these countries—well, in each of the countries there was a military group that would work with the local military forces and be the U.S. military representative in that country working with the Ambassador.

Mr. **Ballen**. Who made the arrangements for the C–7 to refuel with the CIA Chief of Station and with the military group commander?

Mr. **Dutton**. I am not sure I understand the question.

Mr. **Ballen**. Well, who was it here in the United States that obtained the permission of those individuals who, in turn, obtained permission of the local country for this refueling? I assume refueling couldn't happen without permission at the international airport?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. You couldn't just land a plane out of anywhere?

Mr. **Dutton**. No.

Mr. **Ballen**. How was that permission obtained, to your knowledge?

Mr. **Dutton**. To my knowledge, Colonel North made the arrangements with the MilGroup Commander and the Chief of Station.

Mr. **Ballen**. Now, sir, was that mission carried out with the C–7?

Mr. **Dutton**. Yes, it was, and it was successful.

Mr. **Ballen**. How many missions in July and August, successful missions, were you able to conduct inside of Nicaragua to the southern forces? I take it you testified earlier that the southern force was your main concern in terms of getting armaments and supplies to them.

Mr. **Dutton**. Yes, they were our primary concern. We continued to help the north on a regular basis mostly with the C–7s but our critical part of the operation was getting the southern force to be a viable force.

Mr. **Ballen**. How many successful operations were you able to conduct with the southern forces in July and August, to your knowledge?

Mr. **Dutton**. To my knowledge, we only had one.

Mr. **Ballen**. Why was that?

Mr. **Dutton**. Well, why were we successful or why——

Mr. **Ballen**. Why didn't you have more?

Mr. **Dutton**. Our successful mission was a repeat of the C-7 mission.

Mr. **Ballen**. That was a refueling that again Colonel North obtained permission for?

Mr. **Dutton**. That is correct. For the C-123 missions, we flew a number of missions. We would make arrangements with Joe to contact the force that we were to drop to, we would get instructions back that they would have three bonfires. In some cases they would even give us a pattern that they were going to be laid out in. We had radio frequencies that we were going to be able to talk to the ground force and if we happen to be a little off they could talk us right over their heads. These were all conducted as night missions.

We would fly them—these, by the way, are long missions. We are talking 7-hour, 6- and 7-hour missions—get down into the drop zone area, there would be no fires, they would fly all over the area trying to make radio contact, there would be no radio contact and it would have been rather wasteful just to throw the load out into a triple canopy jungle, so we brought the load home.

Mr. **Ballen**. Sir, you mentioned earlier that you were looking for another C-123 aircraft and that you were having—the other C-123 aircraft was involved in an accident.

Was that one of the reasons that you were having problems delivering to the southern forces because of the disability of the C-123 that you had?

Mr. **Dutton**. That was part of our problem. We had maintenance problems with the aircraft but when you have only one, that is going to be part of it.

Another part was we were unable to get weather information which we felt was critical that was of any use to us. When we would take off, when you got down to the area you got whatever you got.

There was nobody that could or would accurately predict what the weather would be.

We went to the local CIA people and to local MilGroup to try to get assistance on that, there were some efforts but, we were never successful at getting true, good intelligence and good weather information.

Additionally, we had trouble being able to continue getting in, on and off the base just to do our work.

Mr. **Ballen**. Why was that?

Mr. **Dutton**. In the message that I read before we referred to Max Gomez or Felix Rodriguez. It was a very touchy situation working with the locals in Central America. We were truly guests on this air base and if anything happened that for one reason or another made the commander or any of his people unhappy, they would simply lock the gate and we couldn't get to the aircraft.

This happened a number of times and for a varied number of reasons, one of them we understood later that some of their military aid had been—a decision had been made to transfer it to another Central American country. We didn't have much to do with that, but the end result was we got locked out of the base.

Mr. BALLEN. When you got locked out of the base, you couldn't perform any missions?

Mr. DUTTON. Couldn't get to the aircraft. We couldn't do anything.

Mr. BALLEN. You mentioned——

Mr. DUTTON. Couldn't even work on it.

Mr. BALLEN. You mentioned Max Gomez or Felix Rodriguez. What is his name and who is he?

Mr. DUTTON. I knew him as Max Gomez. I found out later that I guess his real name is Felix Rodriguez. I met him on my first trip down there. He had been sent down, I understand, to work with the local military. In the process of doing that he had formed a very close relationship with the local commanding general.

At the beginning I thought that was going to be very beneficial. Unfortunately, Max was determined that he was going to be more in this operation than what we had planned and——

Mr. BALLEN. When you say "we," who was "we"?

Mr. DUTTON. Colonel North, General Secord and myself. We had hoped to use Max as a liaison officer to assist us in accomplishing the mission. He turned out to be somewhat of a detriment. In fact, he turned out to be a detriment.

Mr. BALLEN. Colonel Dutton, at this time I would like you to turn to exhibit 1 in the book before you.

Again I would like to ask you if you recognize the document.

Mr. DUTTON. Yes, I do.

Mr. BALLEN. How do you recognize it?

Mr. DUTTON. It was initially written out as an after-action report from my second trip to Central America.

Mr. BALLEN. When did you make that second trip to Central America?

Mr. DUTTON. 5th to the 8th of June, and I subsequently put this in a KL-43 message and sent it as an after-action report.

Mr. BALLEN. Who did you send the message to?

Mr. DUTTON. As I recall I sent it to Colonel North. I don't know if General Secord was in the country at the time.

Mr. BALLEN. What did you tell Colonel North in this KL-43 message?

I direct your attention to the bottom of the first page of the message. This would be around the 8th of June 1986 is that correct?

Mr. DUTTON. That's correct, right after I got back.

Mr. BALLEN. What did you tell Colonel North?

Mr. DUTTON. That I had discussed the reorganization with Cooper, Ramon, and Max. I said Max is the only problem. He did not get an understanding of the concept, which means he didn't understand how we were reorganizing. Whether I didn't explain it correctly—he then had gone to inform Colonel Steele and possibly others of this reorganization and he had the story all wrong.

Mr. BALLEN. Who was Colonel Steele?

Mr. **Dutton**. Colonel Steele was the commander of the military group in our Central American country where we had the main operating base.

Mr. **Ballen**. What else did you inform Colonel North of in this KL-43 message?

Mr. **Dutton**. That I was informed that Max—parenthetically, now a lieutenant colonel in the and the name of the air force of the Central American country, end parenthesis—has been made a deputy to Steele, by Steele, for this project. He has Steele's KL-43, he has a military group car, he has a State Department mobile radio and he now wants a $10,000 emergency fund that he will control. He also wants partial control of our fuel fund, which is currently approximately $50,000.

Mr. **Ballen**. Let me stop you there. What is a fuel fund? What is meant by that $50,000?

Mr. **Dutton**. In order to facilitate getting our aircraft in and out of the main operating base and get the refuelings done, we would take cash down and give it to the host air force. They established a fund that—if we took, for example, in this case, if there was $50,000 in there, then after landing they would come out, refuel the aircraft, give us a ticket receipt of how much had been put in, at what price, and deduct that from our account. We referred to that as the fuel fund.

Mr. **Ballen**. You mentioned in your KL-43 message that Max wanted an emergency fund of $10,000 and wanted to control the fuel fund.

Why was that a problem that you were writing about in the KL-43 to Colonel North?

Mr. **Dutton**. As I said, in all of my training in special operations, the idea of slush funds, emergency funds, to me read uncontrolled funds. And if you have got uncontrolled funds, you are going to end up with problems.

I had no intention of turning $10,000 over to a man that I didn't know that well and hadn't worked with. I wouldn't do it with Mr. Cooper. Mr. Cooper had set up a pilot fund where the pilots could carry cash with them when they went on missions, and I had him pull all that money back and put it in the fuel fund. I said there wasn't a single emergency they could have had that the amount of cash they were carrying couldn't have gotten them out of.

If they had had to land in another Central American country, can you imagine them saying, here, I've got $7,000 in cash, would you put fuel in my airplane? I don't think we ever would have heard from them again.

I said, if you have an emergency like that, there is only one way we are going to get out of it, and that is get hold of the CIA and State Department and we will have to get them out that way.

Here I had somebody coming after me saying and the red flag went up, "I want an emergency fund." I said, "No way," and it bothered me that the guy would come to me and ask for that. And to have control of the fuel fund, again I saw us losing control of one of the most critical portions of the operations, and that is the money.

Mr. **Ballen**. Did Colonel North subsequently make a request to you regarding Max Gomez or Felix Rodriguez?

Mr. **Dutton**. Yes. A little later in the month, he asked that I have Max come up to Washington, that he—Colonel North—had information that Max had been on the open telephone discussing our operation. He had intercepts to substantiate that—and that he thought it was time that we sit down and talk to Max about that; possibly because of Max's other connections within the U.S. Government which he flaunted, possibly if Colonel North talked to him in his office in the Old Executive Office Building, that that would impress him enough that we could get him to stay off the air.

Mr. **Ballen**. Did that meeting take place in Colonel North's office?

Mr. **Dutton**. Yes, it did.

Mr. **Ballen**. When, to your best recollection, did that occur?

Mr. **Dutton**. I believe that was on 25 June.

Mr. **Ballen**. Who was present in the meeting?

Mr. **Dutton**. Colonel North, Max and myself.

Mr. **Ballen**. What did Colonel North say to Max or Felix Rodriguez?

Mr. **Dutton**. Colonel North told him that he understood that he was valuable as a liaison with the host military, but that he was very concerned about Max's lack of communication security, and he told him that he had NSA intercepts that had Max on the phone talking about our operation with unauthorized people.

Mr. **Ballen**. Did Colonel North have access to NSA intercepts?

Mr. **Dutton**. I have no doubt that he—you know, we had NSA gear, we had—I think he was in contact with them on a regular basis.

Mr. **Ballen**. NSA is what, sir?

Mr. **Dutton**. The National Security Agency.

Mr. **Ballen**. Now, sir, how did Rodriguez respond?

Mr. **Dutton**. He didn't believe him. He didn't believe that Colonel North had the intercepts.

Mr. **Ballen**. What, if anything, did Colonel North decide would be Rodriguez's position in the organization at this meeting?

Mr. **Dutton**. We wanted him—we were going to have to keep him in the operation, because of the relationship with the host general officer. The fear amongst all of the people that were aware of that relationship was that if Max went, we went, and that they would just throw us off the base and say you are not welcome anymore.

So, we set him up as the host liaison officer to act as a go-between between Bill Cooper, who was, by then, the manager down south, and the Embassy, and the local government and military officials.

Mr. **Ballen**. How did Mr. Rodriguez respond to that designation by Colonel North of his position?

Mr. **Dutton**. He didn't like it. It wasn't—he didn't want to work for anybody. He wanted to manage the operation.

Mr. **Ballen**. What happened after the meeting? Where did you go?

Mr. **Dutton**. I went with Max downstairs into the Vice President's office suite and went back into one of the back offices, and I met who I understood was Don Gregg, said hello. I walked back out in the outer office, and sat down, they closed the door, he and Max had about a 10- or 15-minute meeting; Max came out and we left.

Mr. BALLEN. As part of your duties managing this whole air resupply organization, you talked about organization, did you ever attempt to reorganize it?

Mr. DUTTON. If there had been an organization at the beginning, I would have called what we did a reorganization. Yes, we did a reorganization which we gave a name to the operation, and I drew up the reorganization plan.

Mr. BALLEN. Colonel Dutton, at this time, I would like to direct your attention to exhibit 14.

Mr. DUTTON. I have it.

Mr. BALLEN. Do you recognize this document?

Mr. DUTTON. Yes, I do. It is the reorganization plan.

Mr. BALLEN. Is this the reorganization plan that you drafted?

Mr. DUTTON. Yes, the first portion of it is the reorganization plan. It has some additions to it.

Mr. BALLEN. When you said the first portion, what are you referring to, which pages?

Mr. DUTTON. From the cover sheet back through page 7 was the initial reorganization plan.

Mr. BALLEN. When did you draft that?

Mr. DUTTON. I started writing it actually in May, right after I came back from the first trip, when I realized at least what all the parts of the organization were. I finished it just before my second trip down there, and took a copy of it down and gave it to Mr. Cooper.

Mr. BALLEN. Page 8 through page 14 dated 21 July 1986——

Mr. DUTTON. Yes.

Mr. BALLEN. When did you draft that?

Mr. DUTTON. Probably during the latter part of June and through July until the date it was dated.

Mr. BALLEN. OK. What does that represent, pages 8 through 14?

Mr. DUTTON. Starting in, I guess, by the end of June, Colonel North was convinced that in fact, the money was going to be voted by Congress——

Mr. BALLEN. Money for who?

Mr. DUTTON. The $100 million so that the CIA could step back in and take over the operation. I am not sure if at this time discussions had taken place, but during this time there had been discussions with the CIA about what about the operation that is currently ongoing down there. The feeling at that point, and I really don't blame them, was that it was a tainted operation, unsuccessful, the aircraft looked terrible.

It wasn't something that was very attractive. In order to put a frame around what the operation was, we added the last—I guess the last six pages, which basically outlined what the operation was made up of, what the assets were, where they were, how much they were worth, in order to be able to give Colonel North one plan that says here is the southern operation, here, Mr. CIA Director, if you want it, it is there for you.

So we went through and totalled up all our assets, the recurring costs, went through an inventory of the warehouse to outline exactly how much of everything we had.

Mr. **Ballen**. Sir, what was the total value that you had come up with?

Mr. **Dutton**. As I recall, it was around $4 million, but let me—$4.89 million.

Mr. **Ballen**. And the—so, the purpose of this plan, the reorganization plan—what was the purpose of the initial reorganization plan, not the last six pages, but the initial one you drafted in May and early June before talk of additional funding by Congress for the Contras?

Mr. **Dutton**. The initial reorganization plan had a couple of purposes. The first one was that it allowed us to outline in one document exactly what the basic operating locations were, and who the key people were and what their responsibilities were.

It also gave a wiring diagram so that people could understand who was in charge, and each guy could look and see who he worked for. At the very beginning of the plan, there was a general statement saying, "due to recent changes in operational requirements and increased tasking the 'benefactor company,' hereinafter referred to as BC Washington, has taken more control of Project Democracy and its supporting elements."

Mr. **Ballen**. Who supplied the term Project Democracy to this plan?

Mr. **Dutton**. I wrote the initial draft and General Secord took it to Colonel North and when I got it back, the term "Project Democracy" was written in.

Mr. **Ballen**. Whose term was that?

Mr. **Dutton**. I understand it was Colonel North's term.

Mr. **Ballen**. Referring to page 14 of the document, this is in the last six pages, which you just testified the purpose was to submit for Colonel North to submit to the CIA?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. Who furnished you with the options on page 14?

Mr. **Dutton**. General Secord.

Mr. **Ballen**. And the first option—sale of the entire operation and assets wherein the CIA takes over—was that an option that General Secord had furnished to you?

Mr. **Dutton**. That is correct, along with the notes.

Mr. **Ballen**. What does the note say, sir?

Note 1, I take it?

Mr. **Dutton**. Yes. Going on with the initial option it says "takes control of the entire operation plus assets valued at approximately $4 million. The price would be negotiated at some level below $4 million." In note 1 we said we prefer option 1, with the proceeds from the sale going back into a fund for continued similar operations.

Mr. **Ballen**. What was meant by the proceeds going back? What kind of fund, a fund that would be under Colonel North's direction or whose direction?

Mr. **Dutton**. My understanding is the assets were bought out of the fund and wherever that money came out of that is where the money was going to go back in order to conduct other special operations.

Mr. **Ballen**. Did you show the plan to anyone after you drafted it?

Mr. **Dutton**. Yes, I showed it to General Secord and Colonel North.

Mr. **Ballen**. Did General Secord and Colonel North approve this plan as you had drafted it?

Mr. **Dutton**. Yes, it was my understanding it was approved.

Mr. **Ballen**. You mentioned that Colonel North made the change to Project Democracy. He added that. Did he make any other changes to the plan as presented to him?

Mr. **Dutton**. I don't recall any.

Mr. **Ballen**. Did Colonel North ever say whether in fact he had discussed the plan to sell the assets to the CIA with people from the CIA?

Mr. **Dutton**. As far as a specific discussion, I don't recall him saying that on Wednesday, I talked with somebody about this. It was an ongoing discussion of what was going to happen with our organization when the CIA came in to take over. The indication I had was that there had been a number of discussions about what was going to happen when the takeover took place.

Mr. **Ballen**. And Colonel North conducted these discussions with CIA people?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. The options that are mentioned on this plan were the sale of the assets. Were these assets to be sold at any kind of a profit?

Mr. **Dutton**. No. We had them valued at $4.089, I believe, and I think the note says—excuse me, the option said price would be negotiated, somewhere below $4 million.

Mr. **Ballen**. And the funds, sir, you testified were to go into this fund that had been established for special operations—the proceeds from the sale?

Mr. **Dutton**. To me, my understanding was it was a fund from which the money had come to procure the assets in the first place.

Mr. **Ballen**. Did General Secord and Colonel North ever discuss with you any other options on how to dispose of these assets?

Mr. **Dutton**. Yes. We discussed—actually, we discussed a number of options. One, of course, was one that we may not have had any control over, and that is if the CIA came in and said get out of town, we don't want you, and you figure out what you want to do with your assets on your own.

The other one was that the assets would be given to the CIA—that they could come in and just take over the assets in place and keep the operation going as it was.

Mr. **Ballen**. At the time you drafted this document, the options that you were given were the options that are reflected in the document?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. Now sir, did Felix Rodriguez or Max Gomez ever express an opinion to you on who the assets of this operation should be transferred to?

Mr. **Dutton**. Not so much who they should be transferred to, as he said that they already belonged to the Contras.

Mr. **Ballen**. When did he say that?

Mr. **Dutton**. Starting back as early as June.

Mr. **Ballen**. What was General Secord's view as to who the assets belonged to?

Mr. **Dutton**. General Secord's view was that the assets belonged to a private corporation. They were being used to aid the Contras.

Mr. **Ballen**. What was Colonel North's view on that?

Mr. **Dutton**. He agreed with General Secord.

Mr. **Ballen**. Did Colonel North express an opinion on who the assets should be transferred to, to the Contras directly, or to the CIA?

Mr. **Dutton**. His feeling was that—my understanding of his feeling was that the assets should go to the CIA. If in fact we were going to be able to continue supporting the Southern Front. If the assets were given to the FDN and they took total control of them, their interest was supporting the Northern Front and we were afraid that the Southern Front would have been left to fend for themselves.

Mr. **Ballen**. Now, sir, when Felix Rodriguez expressed the opinion that the assets belonged to the Contras, was that to the FDN or was that to the Southern Front?

Mr. **Dutton**. That would have been to the FDN.

Mr. **Ballen**. Did the FDN have pilots equipped to run the planes that you had in Central America?

Mr. **Dutton**. No. At one time they approached us, Colonel Bermudez had asked if we might train some of their pilots, and we said in the C-7s we would be glad to do that, and they never came forward with a pilot for us to train so we lost the opportunity.

Mr. **Ballen**. Colonel Dutton during your management of the air resupply operation, how frequent was your contact with Colonel Oliver North?

Mr. **Dutton**. I guess when we were hard at it and when he was in the Washington area, it would be, if not every day, every other day.

Mr. **Ballen**. And your contact with General Secord?

Mr. **Dutton**. If he was in Washington, it would be every day.

Mr. **Ballen**. Did you ever arrange for cash to be delivered to Oliver North at the White House?

Mr. **Dutton**. On one occasion.

Mr. **Ballen**. Do you recall when that was?

Mr. **Dutton**. I don't recall the date of it.

Mr. **Ballen**. How much cash was involved?

Mr. **Dutton**. I found out after the fact that it was, I believe, $16,000.

Mr. **Ballen**. What were the circumstances? How did this come about?

Mr. **Dutton**. General Secord called the office and said that——

Mr. **Ballen**. He spoke to you?

Mr. **Dutton**. He spoke to me and said that he wanted to get Bill Olmsted an airline ticket to fly down to Miami, pick up a package and bring it up to Colonel North and asked that I have Shirley Napier, our administrative assistant, get that taken care of.

He called later in the day and said he was unable to locate Mr. Olmsted and, therefore, Shirley should cancel the ticket. Shirley was standing there and made the comment that she could fly on an airplane down to Miami as easily as anybody else and she would be willing to do that.

I mentioned that to General Secord and he said, all right, fine, let her fly down and pick up the package at Southern Air. She went down, returned, and I don't recall if it was that evening or the next morning that she came in and told me that she had signed a hand—ah—receipt for $16,000 cash, and she had delivered it to, I believe, to Fawn Hall, Colonel North's secretary.

Mr. **Ballen**. Did you ever have any discussions with North or General Secord afterwards as to the purpose of this cash being delivered to Colonel North?

Mr. **Dutton**. I can't recall a specific conversation but I think I remember that Colonel North wasn't pleased that we had used Shirley, but that was General Secord's call and that's what he had said to do and so we did it.

Mr. **Ballen**. But you never discussed the purpose of the cash with anyone?

Mr. **Dutton**. No.

Mr. **Ballen**. So you don't know why Colonel North was receiving it?

Mr. **Dutton**. No, I do not.

Mr. **Ballen**. Did there come a time in August of 1986 when you met with Colonel James Steele in Washington?

Mr. **Dutton**. Yes, in early August.

Mr. **Ballen**. I believe you testified he was the U.S. military group commander in the Central American country where your main operating base was located?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. Why did you meet with Colonel Steele in Washington?

Mr. **Dutton**. Colonel North and General Secord wanted me to meet with him. He was traveling here with the Ambassador who was up for a week of meetings. Towards the end of the week we got time together, and they wanted me to sit down and talk with him about having him get back into the operation.

General Secord and Colonel North were very displeased with the problems we were having with Max and the fact that Max had Colonel Steele's KL-43 and was basically the focal point of communications down there.

We needed to get that changed and so they asked that I sit down and talk to Colonel Steele and see if we couldn't—if I could pass to him their desires if he wouldn't step back in and assist us.

Mr. **Ballen**. Colonel North and General Secord, they both asked you to do this sir?

Mr. **Dutton**. It is difficult to say if both did. One or the other did.

Mr. **Ballen**. Did you, in fact, have a meeting with Colonel Steele?

Mr. **Dutton**. Yes, yes I did.

Mr. **Ballen**. Where was the meeting?

Mr. **Dutton**. In a hotel here in Washington.

Mr. **Ballen**. What was discussed at this meeting?

Mr. **Dutton**. Colonel Bob Earl from Colonel North's office, attended as a representative of Colonel North's office, and we discussed the support that was required, the problems we had been having in Central America with the resupply operation, sort of gave him an update of the desperate situation of the Southern Front and the fact that we needed all the help that he could give us.

Mr. **Ballen**. How did Colonel Steele respond?

Mr. **Dutton**. He was very—he was receptive and said that he would do everything he could to help us, that he understood the problems that we were having.

Mr. **Ballen**. What role, if any, did Colonel Steele play in aiding your resupply operation?

Mr. **Dutton**. There were times when he would provide us information on weather and whatever intelligence that might be available. I sort of thought of him as a—not an overseer or a babysitter, but if there were problems with our guys and the local authorities, he was there to step in and assist.

If we had problems out at the air base, he had an office out there and could be—our people could go to him to get assistance from him. And on occasion I think he would monitor the operation to see if there were any things wrong with it and on occasion came up and voiced some problems that he had found.

Mr. **Ballen**. Colonel Dutton, please turn at this time to exhibit 4 in your book.

Mr. **Dutton**. I have it.

Mr. **Ballen**. Do you recognize this document?

Mr. **Dutton**. Yes, I do. It is a KL-43 message.

Mr. **Ballen**. Let me ask this—it is in a different print than the other KL-43 messages you have previously identified. Why is that?

Mr. **Dutton**. We finally went high tech, we got a printer for the KL-43 where once I had a message loaded, all I had to do was get it onto the printer, and I could get a copy.

Mr. **Ballen**. Who is the message from and who is it to and what is the date?

Mr. **Dutton**. The initial message was from Colonel Steele to me. It was on 18 August. Once I received it, I retransmitted it on to Colonel North's office to Bob Earl.

Mr. **Ballen**. What concerns does Colonel Steele express in this message?

Mr. **Dutton**. As I said, we were in a desperate situation. We had tried many, many ways to make successful drops to the south. We had determined flying at night, we just couldn't find the troops, and they couldn't find us. So we tried—we said we would take off at 2:00 or 3:00 o'clock in the morning to arrive just at sun-up so we would have sunlight, make the drop, get out, come home. We got down there to find out that in the rainy season you have about a 200-foot bank of fog in the morning, and it was just a sea of white instead of sea of green.

So we changed the plan and said, all right, we will plan to leave in the afternoon, hit it at last light, and then come out in the dark. We tried that, found that the thunderstorms had built to 50,000 feet by that time in the afternoon.

So we finally said we just got to go in the daytime and hope we can catch it after the fog and before the thunderstorms build up.

Mr. **Ballen**. It says in the message that it appears Joe, through Ralph, is requesting the drop.

Mr. **Dutton**. That would be standard. Joe, as I said, was in radio contact with the Southern——

Mr. **Ballen**. Who is Joe?

Mr. **Dutton**. Chief of Station, CIA, for the Central American country.

Mr. **Ballen**. And what concerns, if any, did Colonel Steele express in this message about the drop that Joe was requesting?

Mr. **Dutton**. He was concerned that a daylight mission, we were going to exposed to a possible air intercept or shoot-down by a missile and thought there ought to be more thought given to run it as a night mission, but we had kind of learned our lesson on night missions. We had not been successful.

Mr. **Ballen**. Now sir, direct your attention to the last line in the message it says, "Discuss with Goode and advise." What did you discuss with Goode, and did you receive any advice from him, Goode being Colonel North?

Mr. **Dutton**. There are a couple of other things in the message, if I may, to show the type of oversight. Colonel Steele was concerned about the mission being flown, he was also concerned that Cooper had fired a couple of the people that were working for him down there, and I think to understand the fact this was not an operation, a U.S. Government operation where you can sign secrecy agreements and send a guy to jail if he breaks it, when you fire somebody from a job like this, you're doing it just hoping he will go home and keep his mouth shut. It was not something that was done lightly. And it was my opinion that if Cooper was the man in charge down there, if he determined that he had to fire somebody, then he had the right to do that, and I went back and I informed Colonel Steele of that, but this was the kind of concern he had.

Right after that part of the message then I pick up and I started talking to Colonel North's office. And, as I said, there were a number of options being proposed as to how the agency would take over, when they would take over. We were looking at this time of hopefully being out of there by the end of September at the latest.

Bill Cooper, my manager, was down there thinking that—he was working a 6-month to a year operation, and so all of his planning factors were procuring things that would keep the operation going for a long period of time, some heavy equipment type things that would help in the maintenance area, and it was getting embarrassing, he would ask, and I would say, "No you can't have that", it was tough to tell him why.

I suggested we get Cooper here and tell him what the game plan was, how close we were to actually closing down so that he would be on the same sheet of music with us and would understand how to conduct the operation for the last 30 to 45 days.

Mr. **Ballen**. And did you advise that, advise Colonel North of that fact?

Mr. **Dutton**. Yes, I did.

Mr. **Ballen**. What did he say, to the best of your recollection?

Mr. **Dutton**. To the best of my recollection, he said that that was a good idea, that we did need to get Cooper in the loop.

Mr. **Ballen**. Now, sir, please turn to exhibit 5. What is this document?

Mr. **Dutton**. It is a KL-43 message from me to Colonel North.

Mr. **Ballen**. And, sir, what concerns, whose concerns are presented in this KL-43 message?

Mr. **Dutton**. These are——

Mr. **Ballen**. Let me ask you a different question. There is a proposal talked about in this KL-43 message. What is the proposal?

Mr. **Dutton**. The proposal is a system wherein we find a drop zone that is easily identifiable by both ourselves and the ground forces, that we program a drop there and work all the things as we had worked before, hopefully that they would be there and talk to us on the radio. If in fact we found the drop zone, and we were certain of it, we would make the drop on the zone, and inform the ground forces that the load was there for them to pick up.

Once they called back to Joe and said that, yes, in fact they had found the load, we would know that they knew where that drop zone was, and we could continue to drop without ever coordinating with them.

All we had to do was go in, make the drop, call Joe and say, "There is another load on that drop zone, where do you want the next load?"

Mr. **Ballen**. Why was this new system devised?

Mr. **Dutton**. Because we had—since we were unable to make contact with the troops on the ground, they seemed to be having a very difficult time being able to tell exactly where they were, they would pass us coordinates, we would fly over the coordinates and they would say we were 10 miles to the south of them.

Mr. **Ballen**. These were the southern forces again?

Mr. **Dutton**. Yes, it was.

Mr. **Ballen**. Now, did Colonel North approve this new method of air drops to the south?

Mr. **Dutton**. Yes, he did.

Mr. **Ballen**. What were you air dropping at that time?

Mr. **Dutton**. Munitions, uniforms, medicine. Joe would help us on what were the needs of the various commandantes, and once we got into the operation, he would name pretty much what he wanted on any particular drop zone, and we would shape the loads accordingly.

Mr. **Ballen**. Colonel Dutton—Mr. Chairman, now would be an appropriate time to take a recess.

Chairman **Hamilton**. The committees will take a 10-minute recess.

[Recess.]

Chairman **Hamilton**. The committees will resume their sitting. Mr. Ballen, you may continue.

Mr. **Ballen**. Thank you very much, Mr. Chairman.

When you were last testifying, Colonel Dutton, you were referring to your meeting with Steele and the new system that you, North had approved for air dropping munitions to the Contra forces in late August.

Did this enable the number of air drops inside Nicaragua to increase by your organization?

Mr. **Dutton**. Starting on about—well, just before I went down, so starting in the beginning of September, we were able to refine this particular method of delivery, and in September, we became very successful as far as flying resupplies to the southern force.

Mr. **Ballen**. Did you, in fact, travel down in September?

Mr. **Dutton**. Yes, I went down on the 8th of September.

Mr. **Ballen**. And did anyone ask you to go?

Mr. **Dutton**. Colonel North and General Secord wanted me to go down there.

Mr. **Ballen**. Now, sir, let me direct your attention at this time to exhibit 6, please.

Mr. **Dutton**. I have it.

Mr. **Ballen**. Is that another KL-43 message?

Mr. **Dutton**. That is a message, yes.

Mr. **Ballen**. And from—is it from you to Colonel North again?

Mr. **Dutton**. Yes, it is from me to Colonel North.

Mr. **Ballen**. What is the date on the exhibit?

Mr. **Dutton**. The 9th of September.

Mr. **Ballen**. And in that message do you ask for any help Colonel North could give you for locating the Contra troops in the south for a drop? An air drop of weapons? About the middle of the message, sir.

Mr. **Dutton**. Yes, I said any help from you would be appreciated both for weather and for location of the troops.

Mr. **Ballen**. Did Colonel North provide you that assistance?

Mr. **Dutton**. He told me that the best weather information available was available right there at our main operating location through the local Embassy, and he said that he would talk to Joe about locating the troops.

Mr. **Ballen**. Sir, how did this message come about on the ninth of September, the difficulty in locating the troops and other matters?

Mr. **Dutton**. Because of the problems that we had been having all the way along in contacting the troops or in just finding somebody to drop to, and the problems with the weather I made the decision that I would fly a mission with our people into Nicaragua to attempt a delivery to the southern force. On the ninth of September I did that.

We penetrated in country, went directly over the place, coordinates where the southern force troops were supposed to be. The weather was not good. It was about a 1,500 foot ceiling, foggy, rainy, but we could see the ground well enough and we began expanding search, we spent 1 hour inside the country flying between 400 and 1,500 feet just trying to locate somebody, and if we could have located them, we would have dropped to them.

We were unsuccessful after 1 hour of searching and the weather was getting worse so the decision was made to come back out. To me, two of the main problems that we ran into was, once again, we did not have good weather information and we couldn't find the troops, and we had made a sustained effort to do that.

Mr. **Ballen**. Now, did you after you flew that mission inside Nicaragua personally, did you call Colonel North late that night?

Mr. **Dutton**. Yes, I did. I called him at home.

Mr. **Ballen**. And why didn't you use the KL-43?

Mr. **Dutton**. As I recall, he did not have it at home with him. It was in his office.

Mr. **Ballen**. Why did you call Colonel North at home late that night?

Mr. **Dutton**. I wanted to discuss with him what had happened in the attempt that day, and I knew that he and General Secord were both concerned with this because we were flying these lengthy missions, burning fuel at a horrendous rate and not successfully delivering anything to anybody.

I wanted to explain to him that I was now getting a better understanding of the problems and that I thought we were going to be doing better in the near future.

Mr. **Ballen**. What did Colonel North say to you during this phone conversation?

Mr. **Dutton**. After he listened to me describing it for a bit, he said, "You went on the mission, didn't you?" And I said, "Yes, I did." And he told me to never do that again, that I knew too many of the people involved and too much of the operation, that that was the kind of exposure we didn't need. I agreed with that. But it was important that one time somebody who was making the kinds of decisions that I was being asked to make go in and see it first hand.

Mr. **Ballen**. Were you in danger, personal danger by flying inside Nicaragua on a mission?

Mr. **Dutton**. I didn't feel so bad once we were inside. Getting across the border was probably the testiest part of it.

Mr. **Ballen**. Sir, after Colonel North instructed you not to fly inside Nicaragua again, did you ever fly inside Nicaragua again?

Mr. **Dutton**. No, I did not.

Mr. **Ballen**. Colonel Dutton, at this time I would like you to turn to exhibit 7, please.

Again, sir, is this a KL-43 message from you to Colonel North?

Mr. **Dutton**. Yes, it is. It is on the 11th of September. I was still down in Central America.

Mr. **Ballen**. Now, directing your attention to what is number three in the message, three-quarters of the way down, if someone could contact Cooper, I need maps, we will need those to work the two new DZ's in the south—what was that request of Colonel North?

Mr. **Dutton**. Because of the style of the operation, where we would pick a drop zone that was easily identifiable on a map, one that the southern force could also find easily, we needed larger-scale maps so that we could do better map study. Therefore, I requested that certain maps be procured up here and sent down to us as soon as possible.

It also shows that by this time we had hit one of the DZ's twice and Joe was coming to us with new commandantes that he wanted us to support and new drop zones that he wanted us to fly to and put loads on.

Mr. **Ballen**. Colonel Dutton, were you at this time sending regular, almost daily, reports on your missions to Colonel North in the south?

Mr. **Dutton**. Yes, I was.

Mr. **Ballen**. And why were you doing so?

Mr. DUTTON. Well, as I think in any special operation, you report to your bosses how it is going, and we were finally at a point where we were being successful. And in these messages I am merely informing the guys I am working for that we are starting to make it, and we are making progress.

Mr. BALLEN. Sir, I would like you to turn to exhibit 8, if you will. I will ask you again, is this a KL–43 message from you to Colonel North, also dated 11 September 1986?

Mr. DUTTON. Yes, it is. It was later that day.

Mr. BALLEN. Sir, what does this message describe to Colonel North?

Mr. DUTTON. It describes a very frustrating situation that we had come into.

Mr. BALLEN. Could you explain that, please, from the message?

Mr. DUTTON. When I made my trip down to Central America on the 8th of September, I flew the second C–123 down there, so we now had both aircraft in country that we could operate with. We were making successful penetrations and successful drops. I had talked with Mr. Cooper and Mr. McRainey. I had talked with Colonel North, and I talked with Colonel Steele, and we all agreed that as in other special air operations, if it was possible, we ought to fly the aircraft as a two-ship, two aircraft in formation.

Mr. BALLEN. Why was that?

Mr. DUTTON. It provides a number of benefits. The first is in communication if one aircraft should lose its radios, you have a second aircraft with communications. For navigation, if someone should lose all of its NAV equipment, the second one has the NAV equipment to pick up.

On our two C–123s, one had radar on it, the other one had a long-range LORAN on it, as I recall. There was a mutual support that could be provided by flying both aircraft. Additionally, when you're in a hostile area flying a two-ship or flying formation allows the wingman and lead to protect each other from ground fire. In the fighter world, it is normal. In airlift operations, such as this, it is a means of protecting each other. If you see a missile being fired, if you see that one of the aircraft is being taken, engaged by ground fire, you can call a break, tell him to break to the right or to the south and help protect him that way.

Mr. BALLEN. Sir, did Colonel North approve this two aircraft concept?

Mr. DUTTON. Yes, he did and General Secord.

Mr. BALLEN. And what happened? Who opposed it in Central America?

Mr. DUTTON. We went out all prepared to do the mission. I found out that General Bastillo had said I won't allow you to fly a two-ship formation. Or he told Mr. Cooper that.

I went to his office and went through a lengthier discussion of the same benefits, advised him that my aircraft and my manager with 25,000 hours of flying time and his deputy with 9,000 hours of flying time wanted to operate this way, that it was for mutual protection, and also, you could assure success better. Besides the fact, instead of delivering 10,000 pounds at a time, we could deliver 20,000 pounds at a time.

Mr. BALLEN. Sir, did Felix Rodriguez also oppose this?

Mr. **Dutton**. Felix Rodriguez came into the meeting and General Bastillo said that he thought, he was afraid we might just be showing off and was afraid that we might be shot down. Instead of one aircraft being shot down by the Hinds that two aircraft could be shot down by the Hinds.

I said the Hinds in this weather was not our concern.

Felix said in this case, he had to agree with the general, and at that point the general, he said I will make the decision in a few minutes. You may go back out to your aircraft. And we got the call that said he would not allow us to fly as a two ship.

I think that was eventually a critical juncture.

Mr. **Ballen**. Sir, I would like you to turn to exhibit 9, please.

Is this a KL-43 message from you to Colonel North dated 13 September?

Mr. **Dutton**. Yes, it is.

Mr. **Ballen**. Now, sir, I would like to direct your attention to the bottom of the message if I may. In the message you advise—what is it that you advise Colonel North there at the bottom of the message?

Mr. **Dutton**. We have now delivered 55,000 pounds in 2 days. We were taking the next day off. It was Independence Day in Central America. Ralph was coming down, we needed approximately $20,000 for the fuel fund, and I was advising Colonel North of this, because we were now flying more missions, and I was going to have to start pumping money back to the Southern Air Transport. As they were providing us the cash to bring down for our fuel fund, we would have to backfill from wire transfers into Southern Air Transport.

I didn't want Colonel North to get a surprise all of a sudden that I needed $60,000 or $80,000 wire transferred to Southern Air Transport. I wanted to let him know we were burning fuel and spending money.

Mr. **Ballen**. Colonel Dutton, what was the role of the CIA in your September operations?

Mr. **Dutton**. I think in September—I can't say that it was that much different than at any time. Joe was critical to us throughout the operation, and Joe remained involved with us throughout the operation. At other times, we would try to enlist Vince, who was Chief of Station in another neighboring country. And he was not helpful sometimes.

In September, he was more helpful to us than he had been before. We got a little more assistance from him as far as intelligence, but nothing of any great significance.

Mr. **Ballen**. Let me ask you this question: Could your successful missions in airdrops to the Southern Front in September, could those have been accomplished without Joe's assistance?

Mr. **Dutton**. No way.

Mr. **Ballen**. Now, sir, what was the purpose of your increased airdrops in September?

Mr. **Dutton**. I think the first—rather than a purpose, it was a result. The fact that we had finally found a way that we could do it, we had the munitions to be delivered, we had the rigging that was required to make up the loads, and we had this desperate need. Once one commandante was supplied, the others realized in fact there was hope for them, and they were coming to Joe and requesting help. Joe would send us—I think there's, in some of the documents I gave you, KL-43 messages where he says, "Go to drop zone 1 on Tuesday, next day hit drop zone 3, next day go back to 1." So he was setting up actually a schedule for us.

The need was great, we had found a way to do it, we had the number of aircraft we required, they were in a little better shape maintenance-wise, so we were going after it with a max effort. Additionally, it would be unfair not to say that we knew the CIA was about to take over the operation. We felt that it was important that the operation be depicted as successful, and that whatever we could do to make it not only be successful but appear successful so that when they came in—I had guys down there that had jobs, I would like to see them be able to keep those jobs. We had a lot of munitions that needed to be delivered, and I didn't want to just see that dumped. So we were trying to look good.

Mr. BALLEN. How many drops had you made in September, approximately?

Mr. DUTTON. It is difficult to say. We were still supporting the FDN in the north with the C-7s. We flew a couple of missions in there September. My guess in the south, we flew 10 to 15 resupply missions, maybe a little, few more than that.

Mr. BALLEN. What was the total weight of the munitions that you air dropped to the southern forces in September as best you can estimate?

Mr. DUTTON. I think we came up to around 180,000 to 185,000 pounds finally delivered. We did get a message out of Joe from one of the commandantes saying "Please don't deliver any more, they've got all they can carry," and after the long struggle we had had that was a welcome message.

Mr. BALLEN. You mentioned in your testimony that one of the reasons was to show to the CIA your capabilities in regard to this operation. What was your understanding of Colonel North's conversations, if any, with Director Casey on this subject during September?

Mr. DUTTON. I understood that the pace of those conversations picked up, they were coming down to a decision point. I was informed later that by the end of September, the CIA had agreed that, in fact, the operation that we had down there was a viable resupply operation, and they intended to take it over as the core of the program that they were going to set up once they had their money.

Mr. BALLEN. And these were as a result of conversations that Colonel North was having with CIA officials?

Mr. DUTTON. That is correct.

Mr. BALLEN. In exhibit 9, if I can refer you back to that for a moment, directing your attention to about the middle of the exhibit. It states, "Have photo proof of load in center of drop zone", is that correct?

Mr. DUTTON. That is correct.

Mr. BALLEN. And then further down in the message, "Positive ID of drop zone photo proof." Is that correct, sir?

Mr. DUTTON. Yes, I got it. Yes.

Mr. BALLEN. Was someone taking photographs of the drop zones?

Mr. **Dutton**. Yes, the air crew.

Mr. **Ballen**. Why were they taking photographs?

Mr. **Dutton**. To document what they were doing. There had been people that had said, you know, if they continue to be unsuccessful, we are waiting for the day they take these loads out and throw them out in the ocean someplace and come back and say well we delivered them, they just can't find them.

That wasn't the way the operation was going to operate, they were going to prove that they were doing the job they were sent down there to do. The drop zone was identifiable, and they took the picture before the load was on it and after the load was on it.

Mr. **Ballen**. Did you ask them to take pictures?

Mr. **Dutton**. I believe I did during that lengthy stay when I was down there in September.

Mr. **Ballen**. When did you return from Central America in September?

Mr. **Dutton**. I believe it was the 20th of September.

Mr. **Ballen**. Did you take any of those photographs with you?

Mr. **Dutton**. Yes. Just before I left, they had gotten them all back, and they were sitting on the coffee table. I went through them and sorted out the ones that I thought gave the best evidence of the operation, what it was, what we were doing and how we were doing it.

Mr. **Ballen**. What did you do with the photographs once you returned?

Mr. **Dutton**. When I got back, I went into the office and got them sorted them into an order and asked Shirley Napier, if she would go get me a photo album, which she did, and I made annotations on some of them, I had annotations from some of the other crew members that described the drop zone. And I put together sort of a photographic document that said here is the operation, here are the assets, here are the people, here is the kind of weather they are having to fly into, here are the loads actually on the drop zone, and then I had a section on the problems we had run into, pictures of the aircraft stuck in the mud and that sort of thing.

Mr. **Ballen**. Why did you prepare this photograph album?

Mr. **Dutton**. I thought it was very direct evidence of what was there. I thought it might be beneficial if Colonel North wanted to show it to people he was working with to say, here is the asset, and what it looks like, not just written messages.

Mr. **Ballen**. What did you do with the photograph album after you prepared it?

Mr. **Dutton**. As I recall I finished it either on a Friday or Saturday morning. Colonel North and General Secord were out at our offices in Virginia. General Secord looked through it. He liked it. Colonel North came out of a meeting they were having, and this was the first time I had seen him since I had gotten back from the operation. He was very pleased with what had happened. I showed him the album and he liked it and said he would like to take it and show it to his top boss.

Mr. **Ballen**. Who did you understand Colonel North to be referring to when he said he would like to take the photograph album to his top boss?

Mr. **Dutton**. I understood he was talking about the President.

Mr. **Ballen**. Why did you understand that—how did you come to that understanding?

Mr. **Dutton**. I never heard him use the term talking about anybody else that he had been working with as a top boss. He didn't refer to Admiral Poindexter that way. So it was just the way he said it—it was my impression.

Mr. **Ballen**. Did he refer to Director Casey as the top boss?

Mr. **Dutton**. No, sir he didn't.

Mr. **Ballen**. How did he refer to Director Casey to you?

Mr. **Dutton**. If he didn't say to Mr. Casey, he called him Bill.

Mr. **Ballen**. Now, sir during this same period of time just after you had returned from Central America and gave Colonel North the photograph album, did Colonel North say anything else to you?

Mr. **Dutton**. Colonel North was feeling very good about what we had done. As I recall, it was at that period of time that he said, Bob, you're never get a medal for this, but someday the President will shake your hand and thank you for it.

Mr. **Ballen**. Did you, in fact, meet the President?

Mr. **Dutton**. No, I did not.

Mr. **Ballen**. You said that Colonel North was pleased at this period of time. What, if anything, did he ask you to do for him?

Mr. **Dutton**. We had not had an opportunity for anybody, other than myself, to go down and thank the guys that were actually doing the hard work. Colonel North asked me to set up a trip where he and I would go down to Central America and visit two of the countries to basically thank the people and applaud them for their efforts, to get with the air crews and the maintenance people and let somebody higher up in the chain, if you will, than myself sit down and thank them face-to-face for the hours and the agonies they had gone through to get this job done.

Mr. **Ballen**. Did you, in fact, arrange a trip for Colonel North to Central America?

Mr. **Dutton**. We attempted on two occasions. I would set them up but, because of other things he was involved in, we had to cancel them.

Mr. **Ballen**. Did Colonel North ever tell you at that time what would occur should the special air resupply operation become exposed?

Mr. **Dutton**. He mentioned that if this got blown, that he would end up taking the heat for the people he was running it for.

Mr. **Ballen**. Do you recall when he told you that?

Mr. **Dutton**. It was probably right around or before or after the shoot down. I don't recall specifically, though.

Mr. **Ballen**. At this time, with the Chairman's indulgence, I would like to ask FBI Special Agent Rodney C. Andress, Jr., to stand.

Mr. Andress is a special agent assigned to the independent counsel's office, and the independent counsel's office has recovered from Colonel North's office an exhibit which they have consented to bring here today to show Mr. Dutton at this time, and I would like to ask Mr. Andress to please hand to Mr. Dutton this exhibit.

[Exhibit handed to the witness.]

Mr. **Ballen**. Colonel Dutton, could you please take a look at this exhibit that is now before you, and I would like to ask you, looking at it, if you recognize it.

Mr. **Dutton**. It is a little dirtier than when I gave it to Colonel North, but yes I recognize it, this is the photo album.

Mr. **Ballen**. This is the photo album that you prepared?

Mr. **Dutton**. That is correct.

Mr. **Ballen**. Whose handwriting appears in that photograph album, sir, looking through the pictures? Do you recognize your handwriting at any point or not?

Mr. **Dutton**. One moment, please.

Back in the back section where I said we had problem areas, I had written we have had—"have we had problems" as a question, and then I went through some of the things that showed the aircraft stuck and I made captions, and that is in my handwriting, yes.

Mr. **Ballen**. The committee's agreement with the independent counsel's office is that this photograph album will not leave your possession or remain beyond arm's reach of the FBI special agent. If you could—well slightly beyond arms reach——

Mr. **Dutton**. He has got long arms.

Mr. **Ballen**. Colonel Dutton, if you could just perhaps hold it up, a couple of the photographs for the members of the committee to see?

Mr. **Dutton**. If I hold it up—you can see it is very dirty. Evidently the lab has been working with it.

Mr. **Ballen**. This is the photograph album that you handed to Colonel North?

Mr. **Dutton**. Yes, it is.

Mr. **Ballen**. Colonel Dutton—yes, if you could return it to the agent, please. We will have copies of the photographs for the record supplied.

You testified at this time that Colonel North was pleased with the way the operations were going. I take it you were, too?

Mr. **Dutton**. Yes, I was. The guys had worked long and hard and had gone through a lot of ups and downs and for them to get a taste of success was great as far as I was concerned.

Mr. **Ballen**. Even though you were pleased, did you send any messages to Mr. Cooper, your manager in Central America, about the safety of the operations?

Mr. **Dutton**. Yes, I did. Once I came back, I think I sent one message says it looks like they have learned to do it without me. They continued making just about a drop a day and each one of them was being recovered successfully. They were moving on very well.

I got one message from Mr. Cooper that said, I believe it began "ho hum, just another day at the office," and that raised a red flag to me, and I sent him a message back, "don't get complacent about the past successes." And within that message I used the term "Quidado," which means caution, or be careful, trying to warn him not to lose the sense of where they were flying and the dangers involved.

Mr. **Ballen**. Colonel Dutton on October 5, 1986, what occurred to one of your flights?

Mr. Dutton. One of the C-123 flights was shot down over southern Nicaragua.

Mr. Ballen. Did you notify Colonel North's office of that?

Mr. Dutton. Yes, I did.

Mr. Ballen. When was that?

Mr. Dutton. That was as soon as I learned of it.

Mr. Ballen. Sir, at this time, I would like to turn to exhibit 12.

Mr. Dutton. I have it.

Mr. Ballen. Is this also a KL-43 message from you to Colonel North's office?

Mr. Dutton. Yes, it is.

Mr. Ballen. And in it what do you describe?

Mr. Dutton. I begin by saying, "I am sorry, Max got into this. We don't need info or misinfo flowing from the top down."

After the shoot-down Max called directly to the Vice President's office and advised him of the shoot down. Unfortunately, when he passed the crew names, he passed the wrong names, which for somebody who has been in the military and flown combat, one of the worst things that can happen is when you do, somebody in the wrong family is informed that a loved one has been lost.

That one hit me hard and so the first thing I said to him was I am sorry—and I believe this one has been published in the press—that I went back to the folks down south and said don't pass any more information to Max, because he is just out of channel.

Mr. Ballen. Did you inform Colonel North's office in this message that Cooper, Sawyer and Hasenfus were on a mission?

Mr. Dutton. Yes, that is correct.

Mr. Ballen. What mission were they on?

Mr. Dutton. A resupply drop to a new drop zone that Joe, another commandante, had come up and it was a little further to the west than any of the drop zones we had been in before.

Mr. Ballen. What were they dropping in this mission?

Mr. Dutton. They were dropping munitions and uniforms, and I believe we had some mountain leprosy medicine on board, also.

Mr. Ballen. I'm sorry go ahead. You said this was a little bit to the west or——

Mr. Dutton. It was further to the west. In southern Nicaragua, the threat areas were more on the western side.

If we could penetrate either from central to eastern Nicaragua, it was fairly safe, and we had known that there were threat areas over to the south of Lake Nicaragua. And evidently Mr. Cooper came across and made the penetration further to the west than we had ever done before, and did in fact fly over a Sandinista position, and was reportedly shot down by a SA-7.

Mr. Ballen. Sir, did you—the first message here on October 6 is to Colonel North's office. Did you eventually speak to North directly about the fact that the plane was missing initially?

Mr. Dutton. Yes, I did. The first report, of course, was just an overdue aircraft. We didn't know what had happened to it. Colonel North was going to try to assist us in getting some military flights out to do a search to see if we could find them.

The local general in the country where we had our main operating base had offered to fly some of his aircraft out to see if he could help find the aircraft. He would not fly inside Nicaragua, but would have flown along the border, along the water to see if possibly they had ditched, so we were looking to launch some sort of a search and rescue effort.

Mr. BALLEN. Did that ever take place?

Mr. DUTTON. No, the report came in rather swiftly. I believe it came in first off of Cuban radio, and then was confirmed, that the Sandinistas had reported they had shot down—the first report was a C-47, but they had the location right, and our fears were that they just had the designation of the aircraft wrong, which is the way it turned out to be.

Mr. BALLEN. What was discovered after this C-123 was shot down? Was the plane identified with anyone in the United States?

Mr. DUTTON. Yes. Unfortunately, the crew was carrying a number of identification cards, and the plane got identified with Southern Air Transport as being one of their aircraft. Mr. Cooper, as I recall, had an ID pass that Southern Air had given him to assist him when he would come back up to the States for flying around the country.

Mr. BALLEN. Did you have an occasion to speak to the President of Southern Air Transport, Mr. Langton, about it?

Mr. DUTTON. Yes. After the shoot down, at that particular time, our other C-123—we had an engine problem developing, and we had brought it back up to Southern Air to have an engine change done on it. So it was sitting out in front of Southern Air when the news story broke that this, in fact, was a C-123, and there was a picture published of what a C-123 looks like.

So, our effort was it would be a good idea to get the C-123 out from in front of Southern Air Transport, plus we needed to get John McRainey, the deputy commander, down here—he was here in the States. We needed to get him back down there to take charge of the operation, so I called to have he and one of the other pilots to pick up the airplane and take it down there.

In the meantime, the FAA and Customs had arrived at Southern Air Transport and had said that they would like to look at the records, the maintenance records and the financial records for Southern Air Transport, which seemed strange for those two groups, but that's what they were asking for.

Mr. Langton called me and said he didn't have any trouble passing that information to them. However, if they got into the accounting records—as they got into the account, they would come across other operations that Southern Air had been supporting.

Mr. BALLEN. This is what Mr. Langton told you?

Mr. DUTTON. Yes, and it may be it would not be the desire of the people up here to have those operations exposed, and so possibly they should be made aware of that.

Mr. BALLEN. What did you do?

Mr. DUTTON. I called Colonel North and passed to him what Mr. Langton said, and he said, "Call him back and tell him I will take care of it." So, I called Bill back.

Mr. BALLEN. Bill Langton?

Mr. DUTTON. Langton.

Mr. DUTTON. The next day, he called me back again and said——

Mr. BALLEN. Who called you sir?

Mr. **Dutton**. Mr. Langton, and said that FAA and Customs were back, and that they were pressing for the information, and again and he had no trouble providing that to them, but what did we want done?

I told him I would get back to him. I called Colonel North and he said that he had spoken to Mr. Meese, and that it would be taken care of. I called Mr. Langton back and informed him of that, and, in fact, the FAA and Customs people did go away.

Mr. **Ballen**. How do you know they went away?

Mr. **Dutton**. Mr. Langton told me. Let me put it this way, they didn't come back. They said they were going to come back, I believe either with a subpoena or coming back to look at and they didn't show up again. Additionally, the FBI had launched an investigation down there and Mr. Langton called me again. I advised Colonel North and he said he would take care of that.

Mr. **Ballen**. What occurred, if you know, as a result of that second conversation?

Mr. **Dutton**. As I recall, that investigation was delayed, but I don't think it was called off, I think it was delayed for a period of time.

Mr. **Ballen**. I would like to briefly direct you to another topic. After May 1, 1986, were you involved in another special operation?

Mr. **Dutton**. Yes, I was.

Mr. **Ballen**. What did it involve?

Mr. **Dutton**. I was assisting in the air transport of spare parts and munitions from Israel to Iran.

Mr. **Ballen**. And, sir, who directed this operation?

Mr. **Dutton**. Colonel North and General Secord.

Mr. **Ballen**. And what, if anything, did Colonel North tell you was his authority for this operation as he had told you for the other Central American operation?

Mr. **Dutton**. My indication was that he was working for the President again.

Mr. **Ballen**. What did he say to you, what did Colonel North say to you specifically?

Mr. **Dutton**. I don't recall him ever saying that the President was in charge or was running it. It was a matter of indication, the fact that we were using so many agencies of the U.S. Government in this particular effort, I guess it was a supposition on my part.

Mr. **Ballen**. Sir, you said General Secord was also involved in this operation. Did General Secord ever express to you any financial motive for his involvement in the Iranian operation?

Mr. **Dutton**. Not financial motive. It had occurred to me that it was rather strange, I had been hired by STTGI and they could allow me to spend 99 percent of my time on the southern operation and then continue to pay my salary. I discussed this with General Secord, and I was told that we were going to assist in the southern operation.

Mr. **Ballen**. You mean in Central America?

Mr. **Dutton**. In Central America. The long term or the strategic benefit of the operation with Iran was to be that business channels would be opened because of the relations that were going to be made by Mr. Hakim and by Mr. Secord inside of Iran and that when the time came that we could do business there the benefit for STTGI was going to be that those contacts would already be made.

Therefore, they were willing to make the investment of my salary for whatever period of time until we could actually get the business and working with the Iranians.

Mr. BALLEN. Is this what General Secord told you?

Mr. DUTTON. Yes.

Mr. BALLEN. Colonel Dutton, directing your attention to the first week in August 1986, what was your involvement with delivering weapons to Iran?

Mr. DUTTON. I flew to Geneva, Switzerland, and met General Secord there. He picked up some—an amount of cash, I don't know how much, I never saw it, but I understood he was traveling with cash.

We met the air crew from Southern Air Transport in Geneva, flew in a Lear jet to Tel Aviv and within a day conducted a flight from Tel Aviv into Iran and back delivering I-HAWK spare parts. I had the KL-43 with me and General Secord showed me the net that he wanted set up talking with the White House, as far as an information net, and we were then also working with the Israelis to monitor the flight and make sure it went off safely.

Mr. BALLEN. Who did you—did you use the KL-43 to communicate like you had in the Central American operation?

Mr. DUTTON. Yes, we did.

Mr. BALLEN. And who did you communicate to?

Mr. DUTTON. The White House situation room, as I recall. It may have been with Colonel North's office, but on different occasions, we—depending on where Colonel North's people were, we would either talk to his office or to the situation room.

Mr. BALLEN. Directing your attention to the end of October 1986, did you have any involvement at that time with delivering weapons to Iran?

Mr. DUTTON. Yes, I did.

Mr. BALLEN. What was it?

Mr. DUTTON. General Secord sent me to Geneva with the KL-43. I picked up an amount of cash, and then went into Tel Aviv. I met the Southern Air Transport air crew there, and we flew—the next day, we flew a TOW missile delivery into Iran and a return.

Mr. BALLEN. I am sorry, I didn't hear the last.

Mr. DUTTON. And a return. It was a round trip flight.

Mr. BALLEN. Now, sir, before returning to the United States on that journey, did you travel to Lebanon?

Mr. DUTTON. Yes, I did. To Beirut.

Mr. BALLEN. And what were the circumstances behind your traveling to Beirut?

Mr. DUTTON. Because I had the KL-43 with me, General Secord and Colonel North wanted somebody in Beirut when David Jacobsen was released. I went to Cyprus, was briefed there, and then flew in on Army helicopters to the Embassy.

I met Ambassador Kelly, and we conducted a 4½- to 5-hour debrief of David Jacobsen. Spent the night. Colonel North came in the next morning, got to meet the hostage he had worked so hard to get released, and he gave him a quick briefing on what was going to happen when we got back to Larnaca, and what would be happening over the next few days, and we flew out and that was the last I saw of them.

Mr. **Ballen**. And, sir, did you use in fact the KL–43 to communicate?

Mr. **Dutton**. Yes, I did.

Mr. **Ballen**. And did you send a message to General Secord that said that the captors of the hostages would not release anymore hostages on this trip, and that they wanted the next delivery before releasing another hostage?

Mr. **Dutton**. Yes, that is correct.

Mr. **Ballen**. I take it that means that they wanted another delivery of weapons to Iran before they were willing to release another hostage; was that your understanding?

Mr. **Dutton**. Yes. When I was in contact with both General Secord and with the White House situation room from the Embassy in Beirut, I was told that we were hoping to get three hostages out, not just one or two.

By the time I was there, of course, we had the one, they were still hoping to get the two others. In the debriefing, David said that from his information, he didn't believe that we would get the other two until another shipment was made, and I am passing this information, I believe it was to General Secord, who was in London at the time, but I may have also sent this to the White House situation room.

Mr. **Ballen**. Mr. Chairman, thank you very much. I have no further questions of the witness.

Chairman **Hamilton**. Mr. Van Cleve?

Mr. **Van Cleve**. Thank you, Mr. Chairman.

In order to save time, and I apologize, Colonel Dutton, it is a little difficult for me to see you, but in order to save time for the committee, I will stay here as opposed to changing places with Mr. Ballen.

Let me just start, if I might, by reviewing with you briefly your testimony about your background in special operations and the relationship between that and your participation in the Central American resupply operation.

Mr. **Dutton**. Yes, sir.

Mr. **Van Cleve**. Do you know of any other special operations, based on your experience, that used or relied on private firms or contractors for the performance of part or all of the mission, as compared to the Central American operation, is the question?

[Witness conferring with counsel.]

Mr. **Van Cleve**. Colonel Dutton, if I might, let me emphasize, I don't plan to ask you about the specific details of any of those other operations for what I think are obvious security reasons.

Mr. **Dutton**. OK. You hit my concern.

Mr. **Van Cleve**. My question is, do you know of other operations?

Mr. **Dutton**. I know of other operations, yes.

Mr. **Van Cleve**. I thought your answer would be yes. Can you explain to the committee, please, the differences between your participation in the Central American operation and those other operations you are familiar with?

What I am interested in here, sir, is what are the differences between the circumstances, the support and so on, funding of the Central American operation, and the other U.S. Government operations of which you are aware?

Mr. DUTTON. I think I know your key point, and it is well taken. The other operations that I have been involved with have all been conducted by U.S. Government money, and I must say in Honey Badger and Rice Bowl, we spent a great deal of it very rapidly.

In this particular instance, we did not have that luxury, and I think the KL-43 messages and the history of our operation showed the hand-to-mouth nature of the operation in Central America, and it was a result of the fact that we had to take whatever money we could and divide it up ostensibly between two operations, and there wasn't enough to just go buy what you needed.

In some of my messages, I believe I refer to the fact that we are not dealing with a bottomless pit, that we have to be very careful with our money.

Mr. VAN CLEVE. Following up on that, were you ever told that the U.S. Government was involved in any way in this Central American operation?

Mr. DUTTON. Was I told?

Mr. VAN CLEVE. Were you ever told that U.S. Government funds were involved in any way in the Central American operation?

Mr. DOWD. Mr. Chairman, can we have a timeframe on that?

Mr. VAN CLEVE. Between May 1, 1986 and December 31, 1986. Were you ever told?

Mr. DUTTON. No, I was not.

Mr. VAN CLEVE. Thank you.

Further, referring to the discussion you had with General Secord at the beginning of your employment by STTGI, in connection with the Central American operation, did General Secord ever tell you—again referring to this 1986 time period—that you were a contract employee of the United States?

Mr. DUTTON. No, he did not.

Mr. VAN CLEVE. Did he ever tell you that STTGI had a contract with the United States?

Mr. DUTTON. No, he did not.

Mr. VAN CLEVE. Were you ever told that you would be eligible for U.S. Government life insurance, death benefits or pension benefits?

Mr. DUTTON. No, I was not.

Mr. VAN CLEVE. Were you ever told that because you were engaged in a special operation you might not have to obey any U.S. law?

Mr. DUTTON. No, I was not.

Mr. VAN CLEVE. I believe you testified previously that you did in fact discuss several specific, relevant U.S. laws with General Secord. You mentioned specifically the Neutrality Act, the Arms Export Control Act, and I believe you testified that General Secord informed you that the operation was to be run in a manner that was consistent with those laws, is that correct?

Mr. DUTTON. That is correct.

Mr. VAN CLEVE. And you so informed the employees of the operation, is that correct?

Mr. DUTTON. That is correct.

Mr. VAN CLEVE. At any time did you request any of the employees of the operation to operate in a manner inconsistent with either of those statutes?

Mr. DUTTON. No sir, I did not.

Mr. VAN CLEVE. Referring now to the Boland Amendment, did you and General Secord discuss its application to your operation?

Mr. DUTTON. Very generally.

Mr. VAN CLEVE. And can you tell us what was said on that subject, please?

Mr. DUTTON. General Secord told me that the Boland Amendment did not apply because we were dealing with private money and that the Boland Amendment only applied to appropriated funds.

Mr. VAN CLEVE. Did he inform you that the Boland Amendment did apply to any of the U.S. Government employees with whom you dealt?

Mr. DUTTON. No, we never discussed that.

Mr. VAN CLEVE. I take it, however, that you were aware that there were restrictions on the ability of various U.S. Government officials to assist your operation?

Mr. DUTTON. That is correct.

Mr. VAN CLEVE. Specifically I believe you testified at your deposition that you understood from the beginning the Central Intelligence Agency was permitted to provide intelligence information to the FDN and through them, indirectly to your operation, is that correct?

Mr. DOWD. Can we have the page, please?

Mr. VAN CLEVE. It will take me a minute to find the reference. I will be happy to.

Mr. DOWD. Please.

Mr. VAN CLEVE. Page 47 of the deposition, and you are welcome to take a moment to study it if you need to.

Mr. DOWD. Thank you very much.

Mr. VAN CLEVE. It should be about in the middle of the page.

Mr. DOWD. Thank you, sir.

Mr. DUTTON. Could you restate the question, please?

Mr. VAN CLEVE. Be happy to. You testified in your deposition that General Secord had told you, "from the beginning" the CIA could provide intelligence data to the FDN, is that correct?

Mr. DUTTON. That is correct.

Mr. VAN CLEVE. And am I correct that the phrase "from the beginning" means that this was true at least from the beginning of your involvement with the Contra resupply operation in May 1986?

Mr. DUTTON. I was referring to my beginning.

Mr. VAN CLEVE. That was the reference, your understanding from the beginning was that this could in fact legally be provided?

Mr. DUTTON. That is correct.

Mr. VAN CLEVE. Would it be fair to say that most of the assistance that you have described to the committee today in connection with your references to CIA officials in various Central American countries, that most of the information you supplied to the committee in fact falls within the category of the transfer of intelligence information?

Mr. DUTTON. I think that is a good way to describe it, yes sir.

Mr. VAN CLEVE. OK. Did you ever meet with CIA or Department of Defense officials in Washington to discuss the Central American resupply operation?

Mr. DUTTON. No, sir, I did not.

Mr. VAN CLEVE. Can you tell the committee what other types of assistance other than intelligence sharing the Contra resupply operation sought or received from the CIA?

I might preface that by saying it is obvious you also received communications support, but again I believe you probably were told that that was authorized?

Mr. DOWD. Excuse me, Mr. Chairman, there are two questions there. Can we take them one at a time?

Mr. VAN CLEVE. I would be happy to. Would you like me to back up a little bit?

Mr. DOWD. First one, and then we will take the second one.

Mr. VAN CLEVE. I take it that it is also your testimony, Colonel Dutton, that you received communications support, for example, from the CIA Station Chief in one of the Central American countries. That is, he passed messages back and forth between the FDN troops and the Contra resupply operation, served as a message center in effect. Is that correct?

Mr. DUTTON. With the southern forces. Not necessarily the FDN forces.

Mr. VAN CLEVE. With the southern forces?

Mr. DUTTON. Yes.

Mr. VAN CLEVE. Having that in mind as an example of what I mean by communications support, I take it you also understood that that was permitted activity?

Mr. DUTTON. That was my understanding.

Mr. VAN CLEVE. OK. Now with that as background, what other types of assistance, other than intelligence sharing or communications support, did the Contra resupply operation seek or receive from the CIA?

Mr. DUTTON. As far as what they would seek from the CIA, I wouldn't have direct knowledge of that. I would say the effort to assist in arranging the air refuel—excuse me, the ground refueling in the southern country would have been another form of support that was sought and given.

Mr. VAN CLEVE. Anything else specific that you can think of?

Mr. DUTTON. There was a request made to the Chief of Station in a neighboring Central American country to assist in talking to the FDN to try to get them to be more cooperative with us as far as providing rigging gear, and possibly doing some horse trading on munitions. We needed AK-47 rifles, they needed the mortars that we had, so we would trade them our stuff for theirs. .

As I said in my previous testimony, they were reluctant. They would say to us, "Oh, yes, that is fine, and we are going to do that", and a week would go by and nothing would have happened. So we said, asked if the CIA Station Chief could apply some pressure to get them to, in fact, respond.

Mr. VAN CLEVE. I believe you testified that the refueling exercise occurred twice to your knowledge.

Mr. DUTTON. That is correct, once in June and once in July.

Mr. **Van Cleve**. Who paid for the fuel? Did your operation pay for the fuel?

Mr. **Dutton**. I don't recall, sir.

Mr. **Van Cleve**. Would you have records that would show us?

Mr. **Dutton**. I would have to check the records on that. I really do not recall.

Mr. **Dowd**. Mr. Chairman, we would be happy to check. We have copies of the same records we gave the committee, but we would be happy to check them and report back to the committee on that.

Chairman **Hamilton**. Would you do so, please?

Mr. **Dowd**. Yes.

[The material is contained in records on file with the Select Committees.]

Mr. **Van Cleve**. Can you think, Colonel Dutton, of any other specific examples of assistance provided by CIA personnel other than the ones you previously testified to?

Mr. **Dutton**. I can't think of any right now.

Mr. **Van Cleve**. I would like to turn now, if I might, to some questions that relate to the exhibit that has been marked RCD-14, that is your organization or reorganization plan, depending on how one looks at the state of things at a given time.

Mr. **Dutton**. Yes, sir.

Mr. **Van Cleve**. Let me, if I might, start these questions by asking you if you know what was the purpose of maintaining private company control of the project assets?

Mr. **Dutton**. I do not know.

Mr. **Van Cleve**. You don't know.

I believe you testified earlier this morning that if the assets were sold to the CIA, one of the options called for an asset sale of the CIA; that note one on exhibit 14 demonstrates that the proceeds would have been returned to a fund that would have been maintained for similar special projects.

Mr. **Dowd**. Are you referring to the last page?

Mr. **Van Cleve**. Last page of exhibit 14, and the reference is to note one.

Mr. **Dowd**. Thank you.

Mr. **Van Cleve**. Do you know who would have controlled such a fund?

Mr. **Dutton**. I do not.

Mr. **Van Cleve**. Did you make the decision to buy an additional airplane in the summer of 1986 for the Contra resupply operation?

Mr. **Dutton**. General Secord and Colonel North gave me the authority to seek out an additional aircraft, and it was based on cost, if we could find one that was good, which finding good C-123s nowadays is not easy, and find one that was at a reasonable cost, then I had the authority to go ahead and purchase it.

Mr. Cooper, the head of the project, and his deputy actually went out with one of our mechanics to Tucson and found what we needed, and with that I didn't have to check back. All I did was report back that we had found one, what we were looking for, gave them the price, and I got an OK.

Mr. **Van Cleve**. Colonel Dutton, I understand they gave you the authority to proceed and gave you the authority to do the actual procurement, but they made the decision to buy the new airplane, is that correct?

Mr. DUTTON. That's correct.

Mr. VAN CLEVE. OK.

Was it your responsibility, as a general matter, to purchase or dispose of major assets of the resupply operation, or would that decision also have been made either by General Secord—either alone or in conjunction with Colonel North?

Mr. DUTTON. If by major components—if we can cut it off at the level of, say, additional spare engines and that sort of thing, for spare engines General Secord and Colonel North gave the OK, yes, go ahead and get a spare—for the normal spare parts which were still costly, in sum. We did not go to them for item by item.

Mr. VAN CLEVE. I understand.

Did General Secord discuss with you the details of his conversations with Colonel North, Director Casey or other officials, on the question of disposition of the project assets?

Mr. DUTTON. No, sir, he did not.

Mr. VAN CLEVE. As of the fall of 1986, was it clear in your own mind whether General Secord intended to sell these assets to the CIA or give these assets to the CIA?

Mr. DUTTON. By the fall—and this was after we had been successful—it was clear to me that the intent was that the CIA was going to be offered to come in and take over the assets as they were and continue the operation.

So the answer to your question would be that the assets were to be given to the CIA, not sold to them.

Mr. VAN CLEVE. Mr. Chairman, I have no further questions.

Thank you, Colonel Dutton.

Chairman HAMILTON. Mr. Liman.

Mr. LIMAN. Colonel Dutton, were you granted limited use immunity by our committee?

Mr. DUTTON. No, sir. By a court.

Mr. LIMAN. By the court at the request of our committee, correct?

Mr. DOWD. That is correct.

Mr. DUTTON. That's correct.

Mr. LIMAN. And you also have been granted such immunity by the independent counsel?

Mr. DUTTON. That's correct, sir.

Mr. LIMAN. If you look at this reorganization plan, that is the plan that you prepared and was approved by General Secord?

Mr. DUTTON. That's correct.

Mr. LIMAN. And it was edited and approved by Colonel North?

Mr. DUTTON. That is my understanding.

Mr. LIMAN. And if you look at the first paragraph, it says, due to recent changes in operational requirements and increased tasking, the benefactor company, hereinafter referred to as BC Washington, has taken more direct control of Project Democracy and its supporting elements. Correct?

Mr. DUTTON. That's correct, sir.

Mr. LIMAN. Now, Project Democracy referred to the operations in Central America; is that so?

Mr. **Dutton**. I have no idea. That was—that name was not put in there by me.

Mr. **Liman**. Well, the project itself that you were writing about here was the Central American project?

Mr. **Dutton**. Excuse me. In that context, yes, that's correct.

Mr. **Liman**. Who was BC Washington, benefactor company?

Mr. **Dutton**. Sir, that was a name that was made up. There is an ongoing lawsuit that I believe has been brought up in previous testimony by Avirgon and Honey. Because of this lawsuit, and the involvement of both Colonel North and General Secord in that, there was concern that Max Gomez was, in fact, feeding information to the people that were behind that lawsuit.

The purpose of this initial paragraph was to outline specifically for Max—and it was presented down in Central America to him—that Colonel North and General Secord had withdrawn from the operation, they were no longer part of it, and this new company, called BC Washington, which represented the donators, therefore the benefactors—that they had come in to take over the operation.

If, in fact, Max passed that information on to the people he had been talking to before, it was felt by General Secord and Colonel North that that would relieve some of the pressure both on the operation and on themselves.

Mr. **Liman**. What was the fact?

Mr. **Dutton**. The fact was that Colonel North and General Secord's relationship to the organization had not changed one bit.

Mr. **Liman**. And that they were still directing the organization, correct?

Mr. **Dutton**. That's correct.

Mr. **Liman**. And so this BC Washington was a facade that they developed in order to cloak their role; is that fair to say?

Mr. **Dutton**. That's fair.

Mr. **Liman**. Now, if you look at the last page on the options that you have been talking about, that is page 14, there were two options, correct?

Mr. **Dutton**. Yes, sir.

Mr. **Liman**. One was to sell the assets to the CIA and the other was to lease them to the CIA; is that so?

Mr. **Dutton**. The options that were drawn up as of the 21st of July were, yes, to either sell them or to, in effect, lease, become a proprietary for the CIA, yes.

Mr. **Liman**. Now, you have already testified that the options were presented to you by General Secord.

Mr. **Dutton**. That is correct.

Mr. **Liman**. And when it said we prefer option one, the "we" is General Secord who preferred option one?

Mr. **Dutton**. That would be my understanding, yes.

Mr. **Liman**. And option one said we prefer option one with the proceeds from the sale going back into a fund for continued similar requirements. I read that correctly?

Mr. **Dutton**. That is correct.

Mr. **Liman**. And am I correct that the continued similar requirements means continued similar covert operations? Is that what you referred to——

Mr. **Dutton**. I would refer to it as special operations but very close to the same, yes, sir.

Mr. **Liman**. Now, where were these other special operations to take place? Latin America, Asia, Africa, where?

Mr. **Dutton**. Sir, I have no idea.

Mr. **Liman**. Well, who was going to decide where you were going to conduct special operations for the United States?

Mr. **Dutton**. That I have no idea, sir.

Mr. **Liman**. Is there not a distinction that you see between this operation that you have called a special operation and the other special operations that you have been involved in and that those were run by the United States of America?

Mr. **Dutton**. But to me this one was being run by the United States of America.

Mr. **Liman**. Were the others farmed out to a private company?

Mr. **Dutton**. Sir, there were private individuals involved in the other operations.

Mr. **Liman**. Were they farmed out to the same extent that this one was?

Mr. **Dutton**. Private individuals were used in the other operations. They were used in this operation. The degree to which they were used is probably more in this case than they were in previous—in the previous case of my experience.

Mr. **Liman**. Now, you have also testified a moment ago that after the memorandum was prepared, General Secord concluded that he wanted to give the assets to the CIA, do you recall that?

Mr. **Dutton**. As I said, sir, this document was written on the 21st of July. The operation didn't even become viable until mid-September and when I said in the fall of 1986, the discussion to give the assets to the CIA was another option that was being discussed seriously.

Mr. **Liman**. Do you recall giving testimony at your deposition at pages 55 and 56? You were being asked by Mr. Ballen then, question,

> I am trying to determine whether it was the intention of your company to sell these assets to the CIA or not.
>
> Answer. If the CIA wanted to purchase them, then the idea was to sell them, it was also discussed that it could be given to the CIA.
>
> *Question*. So you were unclear about that?
>
> Answer. That is correct. That was General Secord's decision.
>
> *Question*. And you had never heard what General Secord's decision was on that matter or did you ever hear what General Secord's decision was on that matter?
>
> Answer. No, I think he was waiting to hear what the CIA wanted to do and that he was basically willing to do whatever they wanted to do, but rightfully it was his feelings that the assets belonged to a private company and they should be reimbursed for them.

Was that testimony given by you?

Mr. **Dutton**. Yes, sir. I believe it goes on to say, "Did he ever talk about a profit?" And the answer to that was no.

Mr. **Liman**. Did he talk about getting reimbursement for them?

Mr. **Dutton**. Yes, he did.

Mr. **Liman**. And this was true testimony that it was his feeling that rightfully the assets belonged to a private company and they should be reimbursed for them?

Mr. **Dutton**. Yes, sir.

Mr. **Liman**. Now, did you know at the time that these assets had been paid for out of donations to the Contras from third countries and out of profits from the Iranian arms sales?

Mr. **Dutton**. You are combining two things. I had understood they were paid for out of donations.

Mr. **Liman**. And when you said that General Secord believed that these assets belonged to a private company, this was a private company that had bought them out of donations, is that what you understood?

Mr. **Dutton**. That was the understanding, yes.

Mr. **Liman**. Now, you have also—did you ever record in your memorandum here the option of just giving them to the Contras?

Mr. **Dutton**. No, sir, nor did I enter the option of us just being moved out and had to go sell them on the streets of Miami.

Mr. **Liman**. You also testified about your very strong views based on your long and distinguished career about unaccountable slush funds.

Mr. **Dutton**. Yes, sir.

Mr. **Liman**. Am I correct that you sent Ms. Napier, your secretary, to pick up the money in Florida to give it to Colonel North?

Mr. **Dutton**. I believe my testimony said that I arranged for Mrs. Napier to make a trip down to Southern Air Transport to pick up a package. It wasn't until after she got back that I found out it was money.

Mr. **Liman**. And you found out it was cash?

Mr. **Dutton**. That is correct.

Mr. **Liman**. What kind of accountability was there for that cash that was being given to Colonel North?

Mr. **Dutton**. That wasn't my operation, and I didn't think it would be my position to demand an accounting from Colonel North on that subject.

Mr. **Liman**. Did you raise with General Secord the fact that there was cash being delivered to the White House?

Mr. **Dutton**. No, sir.

Mr. **Liman**. Did you ask him what kind of accountability there was for that cash?

Mr. **Dutton**. No, sir.

Mr. **Liman**. Did you ask Colonel North about accountability for that cash?

Mr. **Dutton**. No, sir. As I stated, it wasn't my position. It was their operation. All I had done was facilitate having Shirley go down and pick up what I understood was a package.

Mr. **Liman**. Now one other issue on accountability. Do you recall getting end user certificates for some blowpipe weapons?

Mr. **Dutton**. No, sir. I don't recall receiving those.

Mr. **Liman**. Do you recall that your organization received them?

Mr. **Dutton**. I have seen where there were end user certificates, but I was not familiar with them and I had basically nothing to do with them.

Mr. **Liman**. Those are very lethal weapons, blowpipes, am I correct?

Mr. **Dutton**. I understand they are. I have never seen one.

Mr. **Liman**. Did you know that Felix Rodriguez had asked for those end-user certificates back?

Mr. DUTTON. I think there was a KL-43 message that states that he had asked for them back.

Mr. LIMAN. Do you know they weren't given back to him?

Mr. DUTTON. No, sir, I didn't know that.

Mr. LIMAN. Do you know where they are today?

Mr. DUTTON. No, sir. Mr. Liman, my business was not procurement of weapons. I was an air operations officer requested to get a very sick air operation working. So I wasn't concerned with the munitions.

Mr. LIMAN. You said that you turned over the records that the committees requested from your organizations, am I correct?

Mr. DUTTON. I turned over everything that I have.

Mr. LIMAN. And there were many, many records, I think thousands of pages, is that fair to say?

Mr. DUTTON. Yes, sir.

Mr. LIMAN. Is it also fair to say that you turned over all of the records that were not shredded in November or December?

Mr. DUTTON. That is a rather interesting distinction. I turned over all the records that I had—that I had.

Mr. LIMAN. Was there a shredding party at your organization in November and December?

Mr. DUTTON. Excuse me, sir, we don't have shredding parties. There was some business done in the office. We had a great concern about the security of the office because we were being inundated by people that were very interested in what had happened in Central America. They found out that STTGI was involved. It was General Secord's desire that we don't have any superfluous material left laying around the office. I had duplicate messages of KL-43 traffic that I shredded. I didn't consider that a shredding party.

Mr. LIMAN. Did you ask Ms. Napier to shred?

Mr. DUTTON. Did I ask Ms. Napier, no I did not.

Mr. LIMAN. Was she asked to shred papers?

Mr. DUTTON. I understand she was, yes.

Mr. LIMAN. Do you know what she was shredding?

Mr. DUTTON. Telephone logs.

Mr. LIMAN. Did you see her shred other records?

Mr. DUTTON. No, I did not.

Mr. LIMAN. Is it your testimony that the only records that were shredded were duplicate records?

Mr. DUTTON. My testimony is of my records the only thing shredded were duplicate records.

Mr. LIMAN. Would it have been everyone else's in that organization?

Mr. DUTTON. The only other thing that I can testify to is the telephone log and that I assisted her in shredding because she was having trouble with it.

Mr. LIMAN. Can you tell us how you protect operational security if you shred a duplicate but keep an original?

Mr. DUTTON. This wasn't trying to protect operational security necessarily. There wasn't a need for me to carry a huge bundle of excess messages around, two or three copies of the same message, so I got rid of the ones I didn't need. I kept the originals and you have all of those.

Mr. LIMAN. Were you carrying them around?

Mr. **DUTTON**. They were in my desk. They were locked in my desk. But I don't consider that secure enough. When we got to this point I shredded the ones that were duplicates, packaged the rest of them, stapled them and put them in my home office.

Mr. **LIMAN**. Who made the decision to have the shredding take place at the offices?

Mr. **DUTTON**. For the telephone log I understand it was General Secord, for mine it was my decision.

Mr. **LIMAN**. And was it all done at or about the same time?

Mr. **DUTTON**. I don't believe so. My records—I would say maybe within a month of each other, or a couple of weeks of each other, but it wasn't all done at the same time.

Mr. **LIMAN**. Did you see them do the shredding?

Mr. **DUTTON**. No, I did not.

Mr. **LIMAN**. No further questions.

Thank you, Mr. Chairman.

Chairman **HAMILTON**. The committees will stand in recess until 2 p.m.

[Whereupon, at 12:05 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **HAMILTON**. The Select Committees will come to order. I would remind members that we will proceed now with questions by the principal questioners for the committee, the four; they will be called in this order: Senator Sarbanes, Representative McCollum, Senator McClure, and the chairman, myself.

A total of 1 hour will be divided equally among the four designated questioners. With respect to other members of the Select Committees, I would remind you that if you want to pose questions to the witness that you notify the chair so the chair may call on you after the designated questioners have completed their questions.

We will begin with Senator Sarbanes.

Mr. **SARBANES**. Thank you, Mr. Chairman.

Colonel Dutton, you said in your testimony this morning that when you went to work for Stanford Technology Trading, you had a 1-year contract at $5,000 a month?

Mr. **DUTTON**. Yes, sir, that is correct.

Mr. **SARBANES**. Do you continue to work there now?

Mr. **DUTTON**. Yes, I do.

Mr. **SARBANES**. Was your contract extended?

Mr. **DUTTON**. No, it was not, I was told by General Secord as long as Stanford Technology can stay working, I have got a job.

Mr. **SARBANES**. Who is your superior at Stanford Technology?

Mr. **DUTTON**. General Secord and Albert Hakim are equal partners.

Mr. **SARBANES**. Do you regard them both as being your bosses?

Mr. **DUTTON**. Yes. I work more directly for with General Secord, but I consider them both bosses.

Mr. **Sarbanes**. Do you work for Hakim in any way or is it all for General Secord?

Mr. **Dutton**. I have done work for Mr. Hakim.

Mr. **Sarbanes**. You regard the two of them together as controlling Stanford Technology?

Mr. **Dutton**. Yes, sir, that is correct.

Mr. **Sarbanes**. How come, on the first day on the job, May 2 last year, you apparently asked General Secord whether all of this was legal? Did you put that question to him?

Mr. **Dutton**. In terms close to that. Once we were talking about it—it just came out in the conversation, are we in good shape legally on this?

Mr. **Sarbanes**. In other words, as it was described to you, it raised enough questions in your mind that you were concerned about its legalities; is that correct?

Mr. **Dutton**. Not necessarily, sir. I was being careful.

Mr. **Sarbanes**. Do you regard it as the normal, prudent thing to do when you go to work somewhere, to ask whether what you have been asked to do is legal?

Mr. **Dutton**. I thought it was somewhat of an unusual situation, sir.

Mr. **Sarbanes**. What did General Secord tell you to reassure you on that point?

Mr. **Dutton**. Well, we started with the legal opinion. He told me that everything we were doing was in fact legal and that they had taken great effort to be sure that we were operating legally.

We discussed first the legal opinion and in conversation, I don't know if it was later that day or later on, we went into discussing other particulars. Once General Secord, remember, sir, I had worked for him before when he was active duty general officer, and if a general officer tells me that what we are doing is legal, I don't go into a great deal of research with him on it.

I trusted him.

Mr. **Sarbanes**. You used that legal opinion on the Neutrality Act quite often subsequently, I take it. You showed it to others in Central America to reassure them; is that correct?

Mr. **Dutton**. Sir, I thought it was important when I went down there that, first of all Bill Cooper, my manager, understand that if he was asked to fly people into Nicaragua, that that was going to create a problem. I also thought it was important that Colonel Jim Steele, who was the MilGroup commander, understand that if he got a request from somebody or heard that possibly we were considering flying any of the commandantes in and out of neighboring countries, that Cooper was going to say no, and this was why.

I had a meeting with both of them at the same meeting, and made the finding known at that time for that purpose, so there wouldn't be any question.

Mr. **Sarbanes**. Would you look at exhibit 14, please? If you would turn to page 9, first of all, just as an aside, who are the South Africans that you refer to here in your memo?

Mr. **Dutton**. There was some confusion when we had the three British gentlemen working with us as to whether they were South African or British. I was of the opinion at one time that they were

South African and was told later that was incorrect; they were, in fact, British. That is who it was referring to.

Mr. **Sarbanes**. Am I correct in calculating that the recurring costs on a monthly basis for this operation were about $95,000, that would be adding up everything under recurring costs?

Mr. **Dutton**. That would probably be very close, sir. Remembering that if we consider starting in—we really started looking at this hard in June, I had a 4-month period to determine an average, but according to that would be a pretty good——

Mr. **Sarbanes**. If you turn to your options page, which is the last page in the memo, I take it these were options that you testified were given to you by General Secord, is that correct?

Mr. **Dutton**. Yes, sir.

Mr. **Sarbanes**. When you say given to you, in other words, he in effect formulated the options and then you prepared, as it were, the backup memo to the options, is that correct?

Mr. **Dutton**. That is correct.

Mr. **Sarbanes**. In option two, where the CIA was to take over operational control, but you were going to maintain the crews and assets and conduct this operation at certain rates, you conclude "therefore the basic cost per month to the CIA would be $311,500 plus additive costs for operations in excess of the 50 hours per month." So in effect, there was a significant profit or surplus that the enterprise would achieve if in fact option two had been used, is that correct?

Mr. **Dutton**. Sir, recall if you will that in September, once we started flying heavily, if you will note back on the recurring cost page, I had shown in fuel and oil, $35,000 expended as of July and an average of $12,000 a month. Considering that we were burning almost $6,000 a mission in fuel, the fact that we had increased the rate of flying, was going to increase the rate of expenditure a great deal. So these numbers—there has to be some flexibility put into them.

Mr. **Sarbanes**. You were going to charge extra for flights above a certain minimum number of hours weren't you? That was going to be added on to the $311,000, wasn't it?

Mr. **Dutton**. The cost—I think what we have here——

Mr. **Sarbanes**. Therefore, the basic cost per month would be $311,000 plus additive costs for operations in excess of the 50 hours per month.

Chairman **Hamilton**. Senator Sarbanes, excuse me for interrupting you, but I wanted to explain. The House, I am informed, is beginning a series of six votes, and it will take us I suspect the better part of an hour, so I have asked Chairman Inouye if he would preside, and we will go ahead with the principal questioners, Sarbanes and Senator McClure, and if necessary, then we will just go ahead and ask other members of the committees who are present if they have questions.

Mr. McCollum does have questions, as one of the principal questioners, and he will return as soon as he can to ask his questions. So you will excuse the members of the House, please. Senator Sarbanes, I apologize to you for interrupting.

Mr. SARBANES. Well, Colonel, the additive costs above 50 hours per month would cover most of those extra costs you are talking about, would they not?

Mr. DUTTON. That is probably true.

Mr. SARBANES. I don't want to hassle you, but it is very clear that the $311,000——

Mr. DOWD. Could he finish his answer? It's the second time he's been interrupted. I would like to give him a chance to answer your question.

Mr. SARBANES. Fine.

Mr. DUTTON. Sir, I am not disagreeing with the fact that there was a built in amount that would be considered a profit. I think in any condition where a proprietary is hired, there is an expected profit to be made.

Mr. SARBANES. It would be a substantial profit too, would it not?

Mr. DUTTON. It would depend on how the operation ran. The expenditures of keeping these aircraft in operation was extremely high, and the more we used them, the more expensive it was going to be.

Mr. SARBANES. But essentially you had recurring costs of about a hundred thousand dollars a month or a charge to the CIA that you were projecting of $311,000 a month?

Mr. DUTTON. Yes, sir, that is a July figure.

Mr. SARBANES. Are you familiar with the testimony that General Singlaub gave when he appeared before the committee that he could have gotten twice as much arms for the money as General Secord was getting?

Mr. DUTTON. I heard that testimony, sir.

Mr. SARBANES. Did you think that was accurate?

Mr. DUTTON. I have no way of telling, sir. Again as I testified before, I was concentrating solely on the air operation itself.

Mr. SARBANES. Did you have any familiarity with the submachine gun enterprise that General Secord and Mr. Hakim considered going into?

Mr. DUTTON. I had some. It was already begun when I came to the company, and then I assisted some later on.

Mr. SARBANES. Were you familiar with the fact that apparently they were planning to sell the machine guns to the Contras?

Mr. DUTTON. No, sir, I was never aware of that.

Mr. SARBANES. That Mr. Royer prepared a memorandum in which he indicated that they hoped to sell 4,000 items to the Contras at a unit price of $1,000 each and take a 25-percent commission?

Mr. DUTTON. No, sir, I was not aware of that.

Mr. SARBANES. You weren't aware of that?

Mr. DUTTON. No, sir. My relation on that was trying to find a place to get them manufactured.

Mr. SARBANES. What was the problem with Mr. Rodriguez, as you perceived it?

Mr. DUTTON. In any particular area, sir?

Mr. SARBANES. You said you had a lot of difficulties with him. Why did you have difficulties with him?

Mr. DUTTON. Sir, Mr. Rodriguez was, I guess the term is, well connected in the U.S. Government and also had ingratiated himself to one of the high ranking local officials. Mr. Rodriguez and I had different ideas on how a special operation should be run. I considered myself to have more expertise, and I certainly had the support of the manager and his deputy that were working for me that the way I intended to work it was correct.

It became a difficult issue when you are at odds with one of the people that are down there and well situated with the locals. That if you have to be in an argument with him over how the operation is going to run, he had to be handled very carefully. But we could not allow the operation to get out of control or, as far as I was concerned, to break any of the tenets that I thought proper for running this kind of a special operation.

Mr. SARBANES. Could you look at your deposition please at pages 52—right at the bottom of page 52, and then over on page 53. Beginning at the bottom of page—

Mr. DOWD. Fifty-two, and the answer?

Mr. SARBANES. Yes. "He became a major problem in the conduct of the operation." This is you responding to a question. "He interfered with the operation in the operational side of it. He wanted as much control of the money as he could." Then you detail some examples of that.

And then a question was put to you, "What did you consider were his motives for doing that?" And you responded, "money".

Mr. DUTTON. Yes, sir.

Mr. SARBANES. And that was essentially your perception of Rodriguez and the problem?

Mr. DUTTON. That was my concern. His interference with the operation wasn't for money. The attempt to get control of an emergency fund and to control the fuel account—there my concern was not controlling the money.

Mr. SARBANES. You had the view that he was feeding information for a lawsuit that was designed to bring an end to this operation?

Mr. DUTTON. Sir, I don't have direct knowledge of that, and I think there are others that are going to appear here that will be able to give you much greater detail on that. I was told by General Secord that they had information that he was feeding the other side on this, and that was a concern to them, but I think others can give you much better information than I can.

Mr. SARBANES. Was there an anxiety that he was going to reveal this matter publicly and blow your cover?

Mr. DUTTON. There was a time when the pressures built up, there was a threat to us that he was going to get the local general to start charging us landing fees, and that if he didn't get satisfaction, that he might go public.

Mr. SARBANES. To prevent that, what steps were taken? He was brought here to meet with North in the White House complex; is that correct?

Mr. DUTTON. I am not sure it was tied directly to that meeting. That was more of a communication security problem. I discussed, I believe, in one of the KL-43 messages that you all have the fact that Max had set himself up with a number of groups down there, some of them the relationships quite questionable. I don't believe that a U.S. citizen is supposed to be a part of a foreign military force. The fact that he was using U.S. military, MilGroup, vehicles, that he was using the State Department radios, possibly put him in a vulnerable enough position that we could get him removed without also getting ourselves removed.

It was a difficult situation to be in. He was hurting us on the operational side. He stopped flights—when we had the aircraft that got stuck on the runway in the southern neighboring country, it was necessary that we get more people down there and another aircraft to lighten the load that was on the aircraft that was stuck, and also to help dig it out. He stopped that flight from departing because either he didn't understand what was going on or he had some other agenda. I don't know what it was.

But we just couldn't afford to have him stepping in and interferring with things that were truly Mr. Cooper's call.

Mr. SARBANES. Let me turn to my final area of questions, because my time is about to expire.

I am interested in the extent of support which your operation received from U.S. Government officials.

Mr. DUTTON. Yes, sir.

Mr. SARBANES. And you have testified to that at different times, about this person and that person, but let's try to get it all together, if we could, for just a couple of minutes.

Why don't you recount that, beginning with the people out in the field and then we will come back to Washington, in terms of U.S. Government officials who were being helpful to your operation.

I take it you had the Station Chiefs in all three of these Central American countries?

Mr. DUTTON. Sir, I think if we can take that section separately—one of the Station Chiefs supported us directly and very strongly throughout the entire—as I say, we are talking about 4 to 5 months of operation. But he was of great assistance to us all the time.

In one of the neighboring countries the Station Chief was called on to assist us, and at times would and at times would not.

The Station Chief where the host base was did not really support at any particular time to the degree even as I felt that he could have, and that means providing intelligence and weather information.

So it was a variance. I couldn't just put one face on it.

Mr. SARBANES. Ambassadors?

Mr. DUTTON. I had heard them mentioned, sir, but if they were involved—if I had a problem in the local area and if I were to call Colonel North with it, it would seem to get resolved.

I don't know how it could have gotten resolved without the Ambassador being part of it. I don't know how we could set up a refueling in a southern country at their international airport with both their MilGroup Commander and their Chief of Station involved and the Ambassador not know about it. I would find that very strange.

Mr. SARBANES. And the MilGroup commanders in these countries?

Mr. DUTTON. We had only two occasions with the southern neighboring country where we had assistance. Colonel Steele was, I guess you would say, blew hot and cold. There were times that he was helpful to us in the August–September time frame, when we finally became successful—he had come in to—I won't say run it, it wasn't close to that, but he would stay close to it and if there were something he didn't like he would let us know.

There were times where he had, in fact, made Max his surrogate and given him the KL–43 and said I am hands off, I have nothing to do with this.

Mr. SARBANES. What about back here in Washington?

Mr. DUTTON. I didn't deal with many people other than Colonel North and General Secord and Mr. Gadd back here in Washington.

Mr. SARBANES. So Poindexter, Casey, Meese——

Mr. DUTTON. Only the references by Colonel North and General Secord to discussions with Mr. Casey and Colonel North's discussion reference Mr. Meese.

Mr. SARBANES. And Shultz and Weinberger?

Mr. DUTTON. I have no direct knowledge on that, sir.

Mr. SARBANES. Thank you, Mr. Chairman.

Chairman INOUYE. Senator McClure.

Mr. MCCLURE. Thank you very much, Mr. Chairman.

Mr. Dutton, I want to inquire into a very small area of the entire speculation that has surrounded this entire matter. Back in March there were articles carried in some Scandinavian newspapers that the CIA stole $40 million. That was several different news accounts appeared on March the 17th simultaneously in several different European Scandinavian newspapers. A week later it appeared in a U.S. news magazine dated March 23.

Mr. DUTTON. Is that of this year, sir?

Mr. MCCLURE. Yes, of 1987. The story went on to indicate that the Danish ship, the *Erria,* carried $40 million in U.S. $100 bills as it sailed from the Middle East to Denmark. The news weekly attributed the story to a CIA source and went on to say that one port of call in that period was Haifa, Israel.

The captain of the *Erria* was interviewed by the staff of this committee and although he indicated that he had no knowledge of $40 million, he did indicate that he received an envelope in Israel which contained money.

My question, Mr. Dutton, relates to the money that you and General Secord took to Israel because I think that may, in fact, be the so-called $40 million to which the exaggerated press accounts have made reference.

When did you fly to Geneva to meet Mr. Willard Zucker to obtain a large quantity of cash?

Mr. DUTTON. At the end of October——

Mr. MCCLURE. Of 1986?

Mr. DUTTON. That is correct.

Mr. MCCLURE. Was this the only time you alone or with others obtained cash from Mr. Zucker or CSF?

Mr. DUTTON. The trip with General Secord in August, I understood that he had picked up some cash to take down to Israel, but it certainly wasn't in amounts like you are talking about. And I probably can help it explain what it was for.

Mr. MCCLURE. During the trip, did you obtain a quantity of cash from Mr. Zucker in October 1986?

Mr. DUTTON. My October trip, I obtained $40,000 from him.

Mr. McCLURE. What were the circumstances of that transaction?

Mr. DUTTON. I went to CSF. He went to the bank, came back with the money, I counted it and signed a receipt for it.

Mr. McCLURE. That was $40,000?

Mr. DUTTON. Yes, sir.

Mr. McCLURE. Not $40 million?

Mr. DUTTON. No, sir. I counted it very carefully.

Mr. McCLURE. Which bank?

Mr. DUTTON. I don't know, sir. I stayed in the office—he just left for awhile and when he came back he had the money.

Mr. McCLURE. And what were your instructions to do with that money?

Mr. DUTTON. I was to take it to Israel and turn it over to the Israeli officials there. I was to withdraw part of it back to give to the flight crew to carry with them when they went into Iran. We were never sure whether they were going to have to eventually pay for the gas themselves or not.

To date, the Iranians have given them the gas for free, but if they ever said we want payment for it, we wanted them to be able to get back out of town.

Mr. McCLURE. At one point in your statement to the committee, I believe, you said that the Israelis paid the hotel bills out of the money which had been provided them?

Mr. DUTTON. What I did was I gave the $30,000—I gave $30,000 of it to the aircraft commander. He took it incountry with him; when he came back, he gave it back to me. Per General Secord's instructions, I paid the crew an incentive pay of $8,000, and I had expenses, General Secord instructed that I take $1,000 of it, which I have completely documented.

Turned out it cost me $3,000 for the trip. I turned $31,000 back over to the Israelis, and the idea was, sir, that we felt other missions were going to have to be flown, and to have to carry $40,000 in every time we went we didn't want to have to do that.

So, it was set up there to help us in the future.

Mr. McCLURE. And the balance of the money was left with officials in Israel.

Mr. DUTTON. Yes, sir.

Mr. McCLURE. Was contact made with Mr. Hakim before you were given the cash?

Mr. DUTTON. Not that I know of, sir.

Mr. McCLURE. As I recall your testimony, you said that all was in $100 bills.

Mr. DUTTON. Yes, sir.

Mr. McCLURE. What was your impression of who controlled the bank accounts? Was it Mr. Hakim or General Secord or Mr. Zucker, or whom may it have been?

Mr. DUTTON. It was my impression that Mr. Hakim controlled the accounts, all the invoices that I received once I cleared them, I would take them to General Secord and he would either call Mr. Hakim or, if he was out, he would ask me to call him and request that a wire transfer be made.

Mr. McCLURE. When you went there to get this cash that you referred to, was Mr. Hakim with you?

Mr. DUTTON. No, sir.

Mr. McClure. Did you have a written authorization from him to get the $40,000?

Mr. Dutton. No, sir.

Mr. McClure. If Mr. Hakim controlled the account, how was it that you were able to get to withdraw $40,000?

Mr. Dutton. Sir, that was something between General Secord and Mr. Hakim and Mr. Zucker. I would assume maybe a phone call from Mr. Hakim giving the authorization would do it, but that is purely an assumption on my part.

Mr. McClure. Mr. Dutton, in mid-July 1986, General Secord, Colonel North, Mr. Hakim and yourself met to discuss the entire Contra operation. What was your impression of Mr. Hakim's role and knowledge of that operation?

Mr. Dutton. The occasion of the meeting was Mr. Hakim's birthday, and in that evening, we generally went over how the operation was going, the problems that we were having. My feeling was that he was totally out of the operational side—that he was handling the financial side. That was his bag.

The rest of it was being run by General Secord and Colonel North.

Mr. McClure. Did you have enough discussions with him that evening to get any impression as to how much detail he knew of the financial records and accounts?

Mr. Dutton. No, sir.

Mr. McClure. Did you ever get the impression that Mr. Hakim was not concerned with the details, and that he left such concerns to Mr. Zucker?

Mr. Dutton. No, sir, I have no knowledge either way on that.

Mr. McClure. Was Mr. Zucker at that meeting?

Mr. Dutton. No, sir.

Mr. McClure. At this point in time—that would be mid-July 1986—the Danish ship, the *Erria,* was stranded with its arms cargo, which I think was estimated at $2 million. There were extensive discussions between the principals, Mr. Hakim, General Secord, Mr. Clines and others, including the ship's agent's, Queen Shipping.

What discussions are you aware of between the principals on the disposition of the cargo, its ultimate sale and the division of the profits?

Mr. Dutton. Sir, I was not involved in the munition acquisition portion of this operation. When the warehouse was full, my only job was to empty it. I did not have anything to do with the acquisition at any time.

Mr. McClure. In your deposition—excuse me.

Mr. Dutton. Sir, counsel was asking about that part of your question, did I have any knowledge of that particular discussion; and I do not.

Mr. McClure. In your deposition at page 4, you state, and you may want to make reference to it——

Mr. Dowd. Please.

Mr. McClure. I quote from your deposition, at the top of the page—

Mr. Dutton. Yes, sir.

Mr. McClure [reading]:

> I went to work for him"—that would be Secord—"in Tehran in the Air Force section of the Military Assistance Advisory Group. We were stationed there two and a half years, and returned to Washington.

With reference to that experience, while in Tehran did you ever meet Albert Hakim?

Mr. DUTTON. No, sir, I did not.

Mr. MCCLURE. To your knowledge, did General Secord know Mr. Hakim?

Mr. DUTTON. I have been told subsequently that, yes, he had met him and the conditions under which he met him——

Mr. MCCLURE. But you didn't know that at that time?

Mr. DUTTON. No, sir, I did not.

Mr. MCCLURE. What did you know about Mr. Hakim?

Mr. DUTTON. I didn't know anything about Mr. Hakim.

Mr. MCCLURE. Did you know Mr. Ghorbanifar before this—while you were in Iran?

Mr. DUTTON. I have never met Mr. Ghorbanifar.

Mr. MCCLURE. Thank you very much, Mr. Chairman. I have no further questions.

Chairman INOUYE. Senator Nunn?

Mr. NUNN. No questions.

Chairman INOUYE. Senator Cohen?

Mr. COHEN. Thank you, Mr. Chairman.

Colonel Dutton, as a practical matter, you really didn't care what the legal opinion said as long as you got a legal opinion handed to you by General Secord and endorsed by Oliver North, did you?

Mr. DUTTON. I cared very much, sir.

Mr. COHEN. Hypothetically speaking, if that particular opinion had indicated that you could drop non-U.S. combatants into Nicaragua, would you have challenged that?

Mr. DUTTON. No, sir. If the opinion stated that we could have dropped combatants—if the opinion stated that whatever we were doing was legal, that would have been OK.

Mr. COHEN. That is precisely what I asked you the first time.

Mr. DUTTON. Sorry, I misunderstood you.

Mr. COHEN. Whatever that legal opinion said, you would not have challenged it because you assumed that Ollie North had authority from either Poindexter or the President or Bill Casey?

Mr. DUTTON. Yes, sir. I misunderstood the point of the question. I thought you were saying I didn't care whether we broke the law or not.

Mr. COHEN. No, as long as you got a legal opinion that was as far as you wanted to go?

Mr. DUTTON. That was good for me, yes sir.

Mr. COHEN. So long as you didn't use any American made equipment or equipment coming from the United States, there was no problem of legality even under the terms of that legal opinion, right?

Mr. DUTTON. I don't believe that legal opinion dealt with the source of arms. That would have been in the arms export control area. This one was dealing with what we could deliver and the fact that we could deliver arms came through loud and clear.

Mr. COHEN. Did you ever deliver any M-79 grenade launchers? You kept some pretty detailed records about the inventory?

Mr. DUTTON. I would have to review to be sure. I didn't study the loads but it would not surprise me if we had.

Mr. COHEN. If it had wouldn't that have violated the restriction about selling or delivering U.S. made equipment?

Mr. DUTTON. Sir, I think it would depend on what the source of that was. If it was an overseas source—but again there is somebody that is much more expert than I on that. My understanding was that great care was taken as far as what munitions were procured and where they were procured for delivery.

Mr. COHEN. What about the night scopes? Did you deliver any night scopes?

Mr. DUTTON. We used night vision goggles ourselves. I would have to review the record to see if night scopes were, in fact, delivered.

Mr. COHEN. If night scopes were delivered, that would in fact have been a violation if it came directly from the United States?

Mr. DUTTON. If it came directly from the United States.

Mr. COHEN. What about Bushmasters?

Mr. DUTTON. Again, I am not familiar with that.

Mr. COHEN. Max or Rodriguez was a problem for you from the very beginning, wasn't he?

Mr. DUTTON. Not from the very beginning. When I first met him I thought he was going to be a real benefit to us because he comes across very personably and he did have good connections both in the host country and up here.

Mr. COHEN. Weren't you aware that he complained, as a matter of fact, about a mechanic who was drunk on the job? He was concerned about security of the operations.

Mr. DUTTON. I don't recall him bringing that up. I would have been glad for his attendance to that.

Mr. COHEN. Did he ever complain that Tom Clines was ripping off the Contras, making extraordinary profits?

Mr. DUTTON. He mentioned that at one time. I found that rather unusual. My understanding, I believe one of his comments was we were buying grenades for $3 and selling them for $9, which I find rather strange, because every munition that I delivered out of the warehouse was being given to the southern forces, not sold to them.

Mr. COHEN. So you felt that his complaint was without merit?

Mr. DUTTON. Yes, sir.

Mr. COHEN. How about Mr. Quintero, did he ever complain about his presence in the operation?

Mr. DUTTON. Did I?

Mr. COHEN. Did he?

Mr. DUTTON. Not to me, sir.

Mr. COHEN. Well, to anybody in the group?

Mr. DUTTON. I don't know.

Mr. COHEN. You indicated that at least there was some suspicion by—yourself and others, including Oliver North, that Mr. Rodriguez may, in fact, have been aiding and abetting the enemy of the Contras?

Mr. DUTTON. My information was coming from Colonel North, so—aiding and abetting the Contras?

Mr. COHEN. The enemies of the Contras?

Mr. Dutton. The enemies. I am not sure that I can say that directly aiding the Sandinistas.

Mr. Cohen. No.

Mr. Dutton. The Communists possibly.

Mr. Cohen. People seeking to put a halt to the Contra aid program?

Mr. Dutton. Yes. The people trying to put a halt to it and trying to expose it.

Mr. Cohen. You mean to say you and others would keep a man on the operation who in fact was actively seeking to undermine it?

Mr. Dutton. Sir, that wasn't my choice as to whether we kept him or not. And the fact that he was kept was probably determined by his connections down there.

Mr. Cohen. And here in Washington?

Mr. Dutton. That could be. There were others that knew how strong those connections were. I really wasn't aware.

Mr. Cohen. You said you indicated you decided to leave the Air Force on May 1 and went to work on May 2 with Stanford?

Mr. Dutton. Yes, sir. I made the decision long before that, but that was the date of my retirement.

Mr. Cohen. You were persuaded to come on board because the issue had become too hot for General Secord to maintain a high profile in terms of controlling the operation?

Mr. Dutton. No, sir. My decision to retire had been made before I ever had a discussion with General Secord and it wasn't a matter of the issue being too hot. When I came on board it was that, the issue was that we were not getting the job done and he needed somebody who could apply full time to it.

Mr. Cohen. On exhibit 3, which is dated June 18, 1986, you have a handwritten note which says Ralph re: lawsuit. Can you tell us what that means?

Mr. Dutton. Sir, that is not my handwriting. That isn't my note. I sent the message at the top, what was written at the bottom was by someone else.

Mr. Cohen. You don't know whose handwriting that is?

Mr. Dutton. No, sir, I don't recognize it.

Mr. Cohen. Thank you very much.

Chairman Inouye. Senator Heflin.

Mr. Heflin. Colonel you have testified today, and I believe you previously testified to it, that General Secord and Mr. Hakim had told you on a number of occasions that they were interested in operating this Contra aid project in order to position themselves with the White House to take full advantage of the financial opportunities that they believe would be forthcoming at the end of the Iran/Iraq war and United States efforts to re-build Iran. Is that a correct statement?

Mr. Dutton. Sir, if I could, I believe my testimony was that Mr. Hakim and General Secord were willing to support the U.S. Government in the effort to resupply the Contras. The fact that they were tied up in the Iran resupply or the Iran arms sale was an issue that would have longterm benefits to them.

The fact that they brought me onboard and said we can afford to have Colonel Dutton working totally for the southern project on our payroll, is because we see in the long term that there are going to be contacts made. They were trying to work with a moderate faction that would lead to business contacts and that they could see in the long term there would be business to be done with these businessmen in Iran and they wanted to have been the ones to make contact with them.

Mr. **Heflin**. And you came onboard on May 2, 1986. Was this statement made to you in and around that time, say, during the year 1986?

Mr. **Dutton**. It was made during the year 1986; to pin a date on it, sir, I really couldn't do that.

Mr. **Heflin**. Was it repeated to you by General Secord on several occasions?

Mr. **Dutton**. No, sir, I can only remember it was explained to me once and that was sufficient.

Mr. **Heflin**. Did at any time during that time did General Secord indicate to you that he was interested in returning to the government service?

Mr. **Dutton**. No, sir. I heard that in his testimony and that he had not confided in me.

Mr. **Heflin**. So in 1986, his statement to you was to the future, was pertaining to the issue of perhaps profits, contacts that might be made in Iran pertaining to some endeavors there.

Mr. **Dutton**. I think the idea that in the long term the company would be in a better business position was certainly an explanation for an obvious question which was why am I getting paid $5,000 a month to run a—try and run a southern air operation.

Mr. **Heflin**. You mentioned during your testimony various things about top boss and you asked about whether it could refer to Admiral Poindexter. In any reference that you ever had with Colonel North, did he ever refer to Donald Regan as his top boss, with those words?

Mr. **Dutton**. No, sir. I never heard him refer to Donald Regan as that.

Mr. **Heflin**. I believe that is all.

Chairman **Inouye**. Senator Trible.

Mr. **Trible**. Thank you, Mr. Chairman.

Mr. Dutton, you and General Secord are close business associates, are you not? You work together on a daily basis?

Mr. **Dutton**. Yes, sir, that is correct.

Mr. **Trible**. Is it fair to say that you are the General's staff officer in his operations?

Mr. **Dutton**. My title is staff director, but I don't have much of a staff working for me.

Mr. **Trible**. So you are his man?

Mr. **Dutton**. I would rather say that we are business associates. I am my man.

Mr. **Trible**. All right, sir, but you work for Mr. Secord?

Mr. **Dutton**. That is correct.

Mr. **Trible**. Are you aware that during the time of these operations under review here that Secord and Hakim were pursuing a number of high cost investment opportunities with Don Marostica and Larry Royer?

Mr. **Dutton**. I knew of Larry Royer and I had heard the name Marostica, but I had not—I didn't get to spend much detailed time on it.

Mr. **Trible**. But you knew about those transactions?

Mr. **Dutton**. Oh, yes.

Mr. **Trible**. OK. Now, did you know that General Secord and his associates were pursuing the purchase of American Arms and the manufacture of armament?

Mr. **Dutton**. I know they—I was given to understand American Arms was going bankrupt, that there was an attempt to save them and to find a place in the United States that they could manufacture a weapon known as the American 180, and I was asked to go up to a company called Forways up in New Jersey and see if perhaps they could accomplish the manufacture.

Mr. **Trible**. So you knew about the pursuit of that investment opportunity?

Mr. **Dutton**. To the degree that I have said. I don't know the details.

Mr. **Trible**. Let me direct your attention to Secord exhibit 28C, which is now before you.

[The exhibit appears in volume 100-2.]

Have you seen that document before, or do you know about its contents?

Mr. **Dowd**. Excuse me, Senator, Mr. Chairman, I don't see any 28C.

Mr. **Trible**. There are two documents. I refer to the one headed, "American Arms project".

Mr. **Dowd**. We have got——

Mr. **Dutton**. I have Secord 53 on that.

[The exhibit appears in volume 100-2.]

Mr. **Trible**. Yes, sir.

Mr. **Dowd**. I have Secord 16 and 17.

[The exhibits appear in volume 100-1.]

Mr. **Trible**. There should be a document, two documents have just been handed to you.

Mr. **Dowd**. This is it, Senator?

Mr. **Trible**. That is it, precisely. I would ask Mr. Dutton again, have you seen this document before, or are you familiar with its contents?

Mr. **Dutton**. No, sir, I have never seen this document.

Mr. **Trible**. It summarizes, does it not, the ongoing discussions about the American Arms project?

Mr. **Dutton**. Sir, I have no way of knowing. If I have never seen the document before, I don't know what it summarizes.

Mr. **Trible**. All right, sir. For the record, Mr. Chairman, let me say that from the sworn testimony of Mr. Royer and Mr. Marostica, we have learned this was the working paper used by General Secord, Marostica and Royer, when the purchase of American Arms was discussed in Denver in April of 1986.

I would add further that that is just before you became a party to this enterprise.

I would add further, Mr. Chairman, that in his testimony General Secord said he had never seen this document.

Let me direct your attention to a second document before you.

Mr. DOWD. I don't know what the relevance of all that is, Mr. Chairman. This witness has nothing to do with it. I don't see the connection with Iran or Contra or anything. So I object to it.

Chairman INOUYE. We will soon learn whether there is a connection. Please proceed.

Mr. TRIBLE. Mr. Dutton, let me direct your attention to the second document. Can you identify this?

Mr. DUTTON. Yes, sir.

Mr. TRIBLE. All right, you wrote that document, did you not?

Mr. DUTTON. I did.

Mr. TRIBLE. And it was prepared for Mr. Secord and Hakim, and it is relevant to, again, to the American Arms transaction and several more?

Mr. DUTTON. Senator Trible, what this is is I have been told about a number of projects that were being pursued. What you may see here is my military desire to have some sort of an organization plan back down on paper that everybody could refer to. I could never keep straight who was supposed to be doing what in any particular operation.

Mr. TRIBLE. That is the problem we have had as well, Mr. Dutton.

Mr. DUTTON. Well, we are all involved in a special operation then.

Mr. TRIBLE. Mr. Dutton, this document, then, was prepared by you?

Mr. DUTTON. Yes, it was.

Mr. TRIBLE. But not——

Mr. DUTTON. But not particularly at this time the request of anybody. I was in the office, I had the time, I thought I would try and put something down to see if, in fact, General Secord said yes, that is the way it is going to work.

Mr. TRIBLE. What it reflects is that at the top you have STTGI Holding Company, and then below that there are listed four subsidiary companies: American Arms, Saratech International, Tri Red Cedar Associates, and Biotech Pharmaceuticals.

Mr. DUTTON. Biofine Pharmaceuticals, but——

Mr. TRIBLE. Biofine. Mr. Marostica has testified that you and Albert Hakim gave this to him as an outline of a discussion that took place on July 17 in Washington, D.C. Is that accurate according to your recollection?

Mr. DUTTON. July 17? Let me check the chronology on that, because I may have met Mr. Marostica. I don't recall meeting him, but if I did, it was only on one occasion.

Mr. TRIBLE. Well, as your counselor is pursuing that, let me go on, and we can fill that detail in. The point is, I guess, that I am trying to make here is that you knew about these companies, you knew about the meetings that were taking place, the telephone calls, the work being done to pursue these investment opportunities, that is a fact, is it not?

Mr. DUTTON. No, it is not.

Mr. TRIBLE. It is not? How could you have drafted this document? This details all of those very same investments.

Mr. DUTTON. But what you said is I—that I was knowledgeable of all the telephone calls and all the financial tieups on it. I was not. I was not aware of the phone calls, and I was not aware of how the financial part of it was going to work.

What I understood was there were four projects that STTGI was going to work, and that was rather encouraging to me because if we didn't make some money in that company, I wasn't going to have a job much longer. So I was doing what I could to help, and that was to generally, and I don't know how it could have been more general, outline what the, how these four operations would interrelate. That was what I was attempting to do, and if it gives the indication that I was knowledgeable about each of those, that is an incorrect indication.

Mr. TRIBLE. Mr. Chairman, I have just two more questions to complete this line of inquiry. Might I continue?

Chairman INOUYE. Please proceed.

Mr. TRIBLE. Thank you, Mr. Chairman.

Now, in regard to these companies, Mr. Marostica has testified that these projects demanded a lot of money up front, $1 million cash for American Arms, $1 million to $1.5 million for the wood project. Saratech International needed, he said, $1 million to $1.5 million. He has gone on to testify that the money man here was General secord. It was General Secord that was going to provide the money.

Where was General Secord going to get that much money?

Mr. DUTTON. Well, in the first place, Senator Trible, you kind of have me at a disadvantage. I have not seen this testimony that you are referring to, so I am not sure in what context Mr. Marostica made those statements. I am sure that if you said he did, he did. But I have no idea where he would have gotten that idea or if, in fact, he really understood what it was he was talking about.

You have me at a disadvantage.

Mr. TRIBLE. Well, this is your document.

Mr. DUTTON. It—but I have not seen Mr. Marostica's testimony.

Mr. TRIBLE. But you prepared this. So it is not my intention to put you at a disadvantage, but only to discuss the document that you prepared.

Mr. DUTTON. No, I understand that, sir.

I have not seen the testimony you are talking about so I don't understand the context in which any of these statements were made.

Mr. TRIBLE. So the answer is, then, you would not know where General Secord would get that money.

Mr. DUTTON. If, in fact, he needed that money. I am not sure that he was the money man. In fact, that would be unusual to find that out.

Mr. TRIBLE. All right, sir.

I thank you, Mr. Chairman.

I thank you, Mr. Dutton.

Mr. DOWD. I renew my objection, Mr. Chairman, that that whole line of questioning was irrelevant. There is no tie to the purposes of this investigation or the resolutions of both the House and the Senate. There is no tie to Iran, Contra or anything else.

Chairman INOUYE. Your objection will be noted.

Mr. DOWD. Thank you.

Chairman INOUYE. Senator Rudman.

Mr. RUDMAN. Thank you, Mr. Chairman.

Mr. Dutton, could we take a look at no. 14, exhibit 14.

Chairman INOUYE. Would you yield?

Mr. RUDMAN. Yes.

Mr. SARBANES. Mr. Chairman, I don't think that counsel, on the previous point with respect to the exhibit that Senator Trible used, should be able to assert its total irrelevance, because if you look on page 3 of that exhibit, talking about projection of sales, it says no domestic sales projected, 1,000 to 1,500 Saudi and Gulf states, 4,000 Contras, says 25-percent commission based on $1,000 per unit, $1,375,000.

Now, Colonel Dutton may not be familiar with it. It may have happened before he came, and he might not have been clued into it. But it clearly projected, in acquiring this arms company, the sale of 4,000 units to the Contras and commissions of 25 percent, a significant amount of money, for the enterprise.

Mr. DOWD. Mr. Chairman, if I may respond respectfully to Senator Sarbanes, the document the Senator refers to was not tied to this witness at all. So it is irrelevant to this witness's testimony.

We are not familiar with any other testimony. No testimony was handed to us. I suggest the line of questioning is irrelevant with respect to this witness. He simply didn't know.

Chairman INOUYE. As I have indicated, your objection has been noted.

Mr. DOWD. Thank you very much, Mr. Chairman.

Chairman INOUYE. Senator Rudman.

Mr. RUDMAN. Mr. Chairman, can I respectfully request the clock be rolled back to zero?

Mr. Dutton, do you have no. 14 in front of you?

Mr. DUTTON. Yes, sir.

Mr. RUDMAN. That was prepared in July or September?

Mr. DUTTON. Well, the document was prepared at two different times. The beginning of it I started preparing in the May–June timeframe. The second section of it was dated the 21st of July, but was actually started to be prepared in late June.

Mr. RUDMAN. And General Secord prepared the document?

Mr. DUTTON. I prepared the document, sir.

Mr. RUDMAN. You prepared the document.

Let's turn to the last item of the document, the options.

Mr. DUTTON. Yes, sir.

Mr. RUDMAN. Who prepared that?

Mr. DUTTON. I did the actual preparation. The information was provided to me by General Secord.

Mr. RUDMAN. All the information was submitted to you by General Secord?

Mr. DUTTON. We had a number of discussions about the options. These were what I came out of the discussions with, and this is what I wrote down.

Mr. RUDMAN. Essentially, General Secord was structuring this paper and he was telling you what the structure was and you, as his staff person, were reducing it to writing?

Mr. DUTTON. That would be accurate.

Mr. RUDMAN. Let me ask one of our able young people here to bring something down to you so you can look at it while I am looking at it.

I wasn't referring to Senator Nunn.

I think I may have given you four pieces or two pieces there. You got two?

Mr. DOWD. Senator, we have two.

Mr. RUDMAN. One starting with page 80.

Mr. DOWD. One says page 80.

Mr. RUDMAN. The other starting with page 106.

Mr. DOWD. 106, yes, sir.

Mr. RUDMAN. Let me represent to you those are transcripts prepared by our stenographer of General Secord's testimony.

Mr. DOWD. Could we take a moment to read it, Senator?

Mr. RUDMAN. Certainly.

Whose time is this on, Mr. Chairman?

Mr. DOWD. It is on my time.

Mr. RUDMAN. I don't think you get any time, counsel.

[Laughter]

If it will help you any, I am only going to talk to you about pages 80 through 82 and 83. And on the other document, just page 106 and page 108.

Mr. DUTTON. Yes, sir.

Mr. RUDMAN. I have listened to your testimony very carefully today and I have made notes. I want to refer you to page 80, which is the first page of this transcript. Mr. Liman is questioning General Secord. When you look at exhibit 4, the last page there, and he is looking at the last page——

Mr. DOWD. That is exhibit 14, Senator?

Mr. RUDMAN. Well, it was a different exhibit in General Secord's case, it was exhibit 4, there it is exhibit 14.

Look at the last page, Mr. Liman asked.

Answer, "Yes".

Mr. Liman, "Do you recall that the first option was to sell the planes on the airstrip for $4 million to the CIA?

Mr. Secord, "That is the option listed by the author."

Mr. Liman, "And the author was Mr. Dutton?"

Mr. Secord, "Yes."

"Mr. Dutton is an employee of yours?"

"Right."

"And you testified you do not approve of it? That is correct." We then skip over to page 82 because you have not had a chance to read it, I am not leaving out anything that is of any significance. I'm only trying to solicit information.

Line 1845, Mr. Liman, "Is it a fact that you are the author of the options listed on this page?"

Answer, "No, that is not a fact."

If I understood your testimony correctly, you wrote it out, but you would not call yourself the author of this document. You certainly were the person who put it on paper, but the idea was not yours; is that correct?

Mr. DUTTON. The idea was not mine.

Mr. RUDMAN. Was not yours?

Mr. DUTTON. That is correct.

Mr. RUDMAN. Going on to 106, Mr. Nields was interested in this item and he asked the General to turn to page 9. He turned to page 9 and then Mr. Nields went through some questioning and at the bottom of page 107, they are talking about the same option to sell. The bottom of page 107, line 2371, do you have that?

Mr. DUTTON. Yes, sir.

Mr. RUDMAN. Mr. Nields, "Was that one of the options?"

Mr. Secord, "That was one of his options. He wrote this paper, put it together. It seems to be a logical option, even there you see that we prefer option one. That was Bob Dutton's view. It was not my view."

Then they have more discussions. Finally, in the middle—you read it yourself, on line 2384, Mr. Nields says,

> What does it mean, you referred us I think to note one which says we prefer option one with the proceeds from the sale going back into a fund for continual similar requirements?

Mr. Secord, "He apparently—"—he, meaning you—"—had in mind going back into the fund in Switzerland to be used to support it's Iran requirement, I suppose. I don't know what he meant by that."

I submit to you, Mr. Dutton, that you have been a straightforward, honest witness here—you're just laid it out as you know it if you haven't known it you've said so. The fair reading of this document of General Secord under oath has nothing to do with who happened to write it down. The clear meaning of this testimony is that you, not General Secord, was the inventor, the conceiver, the author of this plan, which was never implemented, but that is not the point.

If I understand your testimony, you deny that, that is not true.

Mr. DUTTON. Senator Rudman, General Secord testified to his recollection of how this was put together, and I have testified as to what my recollection is of how it was put together, and my testimony will stand that I say that I was given those options, and I put them down as best I could.

Now, understand these were over a long period of time, that many discussions took place. Later on the discussion of giving the assets to the CIA did come up. I gave it to you the way I know it.

Mr. RUDMAN. You say over along period of time. I believe that the option itself was prepared at one time, am I correct?

Mr. DUTTON. The two options were—I won't say they were prepared at one time, there were discussions as of 21 July, those were the two options that I saw were the ones to be put into the paper.

Mr. RUDMAN. Where did those discussions take place?

Mr. DUTTON. They could have taken place in our office, at General Secord's home, at my home, they could have been any place.

Mr. RUDMAN. I have looked at your deposition and listened to your testimony today and you are absolutely consistent on that point. I think the record will speak for itself.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Mr. DOWD. Mr. Chairman, Colonel Dutton would like to address Senator Rudman on a matter involving some aircraft that came up the other day, and a question that the Senator asked General Singlaub because he has some direct personal knowledge about that aircraft, and he would like to clarify it, if the Senator wouldn't mind.

Mr. RUDMAN. I don't mind, except maybe what I think we ought to do is let the gentleman proceed with his questioning before we're done if you want to clarify that point or others you certainly ought to be allowed to do that.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Colonel Dutton, I have a series of questions I want to ask to clarify a few things as I see them today that have come out. Up to my point, I think we have beaten this asset sale or asset giveaway question almost to death, but I want to be sure that we don't leave it with any false impressions.

With regard to the assets of the resupply operation that you were involved with, did you ever hear Colonel North or General Secord, at anytime, talk about making a profit on the sale or lease of these assets to the CIA?

Mr. DUTTON. No, sir.

Mr. MCCOLLUM. Did you ever hear Colonel North or General Secord or anyone else ever suggest that the moneys or funds derived from the sale of these assets to the CIA would go specifically to the benefit of the Contras?

Mr. DUTTON. No, sir. Going back to your previous question when you said sale or lease under the lease option, there was a profitability in as with any proprietary, but where the money from that profit would go was not——

Mr. MCCOLLUM. Under the sale option, there was no profit built in?

Mr. DUTTON. No.

Mr. MCCOLLUM. And no discussion of profit under the sale option?

Mr. DUTTON. No, sir.

Mr. MCCOLLUM. With respect to some of the other questions asked you, I want to clarify as well your knowledge with regard to the players and where you got the information from. A lot of it, I gather, is from what Colonel North said to you, or your impressions.

At any time, have you personally discussed with President Reagan the resupply operation or your involvement with General Secord or Colonel North in support of the Contras?

Mr. DUTTON. Have I ever discussed it with President Reagan? No, sir, I have not.

Mr. MCCOLLUM. You testified that Colonel North told you that you were working for the President. You spent 26 years on active duty in the Air Force. Weren't you at all times working for the President when you were on active duty as your commander in chief?

Mr. DUTTON. Yes, sir.

Mr. MCCOLLUM. You said that Colonel North told you that he was taking this photo album that you showed us to his top boss, and that some day, you might get to shake the hand of the President, that might be your only reward, to paraphrase what you said; is that correct?

Mr. DUTTON. That is correct.

Mr. McCollum. Others have said that Colonel North had a tendency to wrap himself in the Presidential authority and give the impression that he worked more closely with the President than, in fact, he actually did. Isn't it possible that in describing these things to you and in mentioning those things, that he was doing the same kind of implication with you that he did with others?

Mr. Dutton. That is a possibility, but this had happened before. It seemed to me a natural thing. The President had thanked a group like us before, and for Colonel North to say that the President would thank us again fit. So I didn't think he was pulling it out of perspective.

Mr. McCollum. With regard to the previous time you had been thanked, was it President Carter or President Reagan?

Mr. Dutton. President Carter.

Mr. McCollum. At one time, Colonel North told you that he would end up taking the heat for whomever he was running the operation for; I believe those were the words you used. Did he actually say that he would take the heat for the President?

Mr. Dutton. No, sir, he never said that.

Mr. McCollum. Were you present or did you ever overhear any conversation at any time between Colonel North and Director Casey or Colonel North and Mr. Meese, or any other cabinet officer?

Mr. Dowd. Can we take them one at a time?

Mr. McCollum. Were you present or did you overhear any conversation, at any time, between Colonel North and, say, Director Casey?

Mr. Dutton. No, sir.

Mr. McCollum. Were you present or did you hear, at any time, any conversation between Colonel North and Mr. Meese?

Mr. Dutton. No, sir.

Mr. McCollum. Were you present or did you overhear such a conversation, at any time, between Colonel North and any cabinet officer in President Reagan's Administration?

Mr. Dutton. No, sir.

Mr. McCollum. I want to ask you specifically about some of the concerns that I have with regard to the connections that may or may not have existed in the meetings, or at least one meeting that Felix Rodriguez had here in one of the offices of the Vice President.

At any time, have you ever discussed with Vice President George Bush the resupply operation or anything related to it?

Mr. Dutton. No, sir, I have not.

Mr. McCollum. At any time, have you ever been present when anyone discussed the resupply operation with the Vice President?

Mr. Dutton. No, sir, I have not.

Mr. McCollum. Have you ever talked with anyone who said they talked with Vice President Bush about the resupply operation? Now, this is the resupply operation, not something else. I will rephrase that question. If you want to talk about the time you went to the park and had ice cream, that is all right with me.

Mr. Dutton. If you could repeat the question. I could give you the direct answer, I believe.

Mr. **McCollum**. Have you ever talked with anyone who told you or said that they talked with Vice President Bush about this resupply operation you were involved in?

Mr. **Dutton**. No, sir.

Mr. **McCollum**. Have you ever discussed the resupply operation with any member of the Vice President's staff?

Mr. **Dutton**. No, sir, I have not.

Mr. **McCollum**. Now, have you ever been present when anyone discussed the resupply operation with any member of the Vice President's staff?

Mr. **Dutton**. I have not been present, no sir.

Mr. **McCollum**. Have you ever talked with anyone who said that they discussed the resupply operation with a member of the Vice President's staff?

Mr. **Dutton**. No, sir.

Mr. **McCollum**. You did have occasion to tell us that you took, or were accompanying Mr. Rodriguez down to an office of one of the staff members or in the Vice President's office area?

Mr. **Dutton**. Yes, sir.

Mr. **McCollum**. I believe you testified that you thought that was Mr. Gregg's office? Could the person that he was meeting with been Mr. Watson instead of Mr. Gregg? Do you know it was Mr. Gregg he was meeting with that day you took him down there?

Mr. **Dutton**. That question was asked of me before. It could have been Mr. Watson. It was so short it is difficult for me to recall.

Mr. **McCollum**. With regard to the involvement that you had with respect to this whole affair with Mr. Rodriguez, I really don't want to go into a lot more questions about it, but I am concerned about some of the meeting sequences that took place and maybe if I was gone they covered it, I don't want to get very much involved in it. My understanding is that at some point in August—this meeting that you described took place in June of last year, is that right?

Mr. **Dutton**. That is correct, sir.

Mr. **McCollum**. At some point in August, early August, Felix Rodriguez-Max Gomez did indeed meet with Don Gregg, of the Vice President's staff. You weren't present—you have already said you weren't present for that. I understand that several days later though you were in a meeting with Mr. Earl, and he had been present at some of these meetings that had gone on with Felix. Did he ever talk to you about what went on in that meeting?

I want to make that clear because you have already answered pretty much the questions I want to ask. My impression is that we are going to hear evidence that Mr. Earl was present during discussions with Mr. Rodriguez and Don Gregg and later you had occasion to meet with Mr. Earl. Did he ever tell you, Colonel Dutton, anything about what was said in there?

Mr. **Dutton**. No, sir, he never did.

Mr. **McCollum**. That is it. I will leave that question and go on to other things.

Mr. **Dowd**. Could Colonel Dutton tell you how he arrived at the June 25th date?

Mr. **McCollum**. Sure. I would be glad for him to.

Mr. DUTTON. It came from two sources. One in our debriefing it was pointed out to me that there was an annotation on Colonel North's calendar on 25 June that I had been there. In my initial chronology had put it in the July time frame, mainly because there was a KL-43 message that said Felix had been rebuffed in our area recently, so I had moved back to the previous week.

I went back to the American Express records for Stanford Technology and found there was an American Express bill—I didn't have it, the company had it and, of course, we gave up all those records, to the committee and the independent counsel. When I got that we were able to confirm it was the 25th.

Mr. MCCOLLUM. But in any event that meeting took place well before any meetings that might have been taking place in August or did take place in August?

Mr. DUTTON. That is correct.

Mr. MCCOLLUM. And you were not a party in any way to a meeting in August?

Mr. DUTTON. No.

Mr. MCCOLLUM. And you didn't hear about that meeting as far as what went on in it from anybody?

Mr. DUTTON. No, sir.

Mr. MCCOLLUM. At some point the FBI and Customs wanted the records of Southern Air Transport and as I recall, there was a considerable concern about that and giving them up. It seems to me that in your testimony earlier today at least you have implied, if you haven't said, that this is what triggered the request that went to the Attorney General's shop and to others to try to stop or slow down that probe or delay it, or whatever. Did the arms deal with Iran have anything to do with the reasoning behind not wanting the Southern Air Transport records revealed at that point in time, do you recall?

Mr. DUTTON. No, sir, it did not. When Mr. Langton called me, his total concern was other classified projects with other agencies of the U.S. Government that could come to light in an investigation and if the people didn't know what information they had it might have gotten out and it could cause a problem for other portions of the government.

Mr. Langton is probably one of the most honorable and supportive men that I have ever met, and Southern Air Transport was an absolute key to the success that we eventually had in Central America. I can tell you he is a great American that was only interested in protecting American secrets.

Mr. MCCOLLUM. The point is it wasn't just a question of protecting the involvement in Central America, there were other security concerns about revealing this information that were motivating those involved, is that correct?

Mr. DUTTON. That is correct.

Mr. MCCOLLUM. Are you aware of any Israeli sale or shipment of arms to Iran before the involvement in the transactions that is the subject of this investigation? Are you familiar with any of those at all?

Mr. DUTTON. No, sir.

Mr. McCollum. I have an exhibit marked exhibit 15. You don't have it in your book. Perhaps we could get a copy to you and pass it to the members. It is another one of those——

Mr. Dowd. I believe we have it.

Mr. McCollum. Could you take a look at that, please?

The last one is what I am interested in. It is another one of these KL–43 messages. The third one down, the one that says secret, looks like it says from Robert Earl at the top—could you tell us what this is all about after you look at it?

Mr. Dutton. I think to get through it the quickest, Bob Earl is talking to me, he says my reading is the results from the report of last night where Joe and Vince, those are names for the Chiefs of Station, CIA, for two of the countries, have been directed hands off by the DCI. Combined with my report, which would have been Robert Earl's, that Jim, Colonel Steele, commander of the MilGroup, didn't want to meet with you or me supposedly at the direction of the Ambassador. The threat of a lawsuit against the senior military official in our host country for air piracy has apparently really poisoned the atmosphere for Jim and for the Ambassador about the good intentions of the company. The threat of air piracy, Felix had taken one of our aircraft and put a civilian individual on board and flown it over to one of our forwarding operating bases in direct violation of our operational security.

A comment made by Colonel North was he ought to be charged with ~~air~~ piracy. Somehow Felix managed to convince the general down there that we were, in fact, talking about charging him with air piracy and in the August timeframe we got locked out of the base for a few days because the general was angry with us.

Mr. McCollum. Who is DCI—it says Joe and Vince had been directed hands off by DCI?

Mr. Dutton. Director of Central Intelligence, Mr. Casey.

Mr. McCollum. So at least at this point there was a calling off of any assistance whatsoever by anybody who was an agent or an operative for the CIA assisting the resupply operation or assisting the Contras or intelligence, or whatever might have been going on is that my fair reading of that?

Mr. Dutton. It appears they were being asked to back away. As I testified before, when these things would happen, the local CIA representative, he would back off anyway. Vince would back off to agree, probably not cooperating quite as much as he had, but it never seemed to affect our support from the southern neighbor.

Mr. McCollum. General Secord testified that he was frustrated by the CIA in activities with the Contras during the period of time. We have already heard discussions of the fact that despite the Boland amendment, the CIA did indeed have a role it could play legally in providing intelligence and weather.

Were you aware of efforts General Secord made to meet with Mr. Casey to try to get more cooperation from the CIA in areas where they could legally give it?

Mr. Dutton. I was aware he had had two meetings with Mr. Casey because he told me he had had two meetings with Mr. Casey. I know there was a continuing effort on the part of Colonel North to try to get more information so that the flights we were making, both into the northeastern section and the south central and south-eastern areas of Nicaragua, we didn't suddenly get a surprise and find that the Sandinistas had moved in missiles or radars or the Hinds.

That kind of information was critical to survival of the air crews, and we were never able to get their support to provide that information.

Mr. McCOLLUM. Am I reading correctly into this, that the extent of what the CIA actually did down there was less than some interpreted that they could do, they may have over-stepped their bounds, I don't know, I can't tell that, but to the degree to which they did get involved, there were those of you there who thought they could have done more legally?

Mr. DUTTON. That is correct.

Mr. McCOLLUM. I have no more questions, Mr. Chairman.

Chairman HAMILTON. I am informed that the House has another vote pending, and so we will turn to Chairman Inouye and the House members will be excused.

Chairman INOUYE. Senator Hatch.

Mr. HATCH. No questions.

Chairman INOUYE. Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Colonel Dutton, you testified this morning regarding a meeting that you and Felix Rodriguez, also known as Max Gomez, had with Colonel North precipitated by North's advising you that he had information that Rodriguez had been talking on an open phone and you have made reference to North's access to NSA intercepts. Do you recall that testimony this morning?

Mr. DUTTON. Yes, sir, I do.

Mr. MITCHELL. Did Colonel North say during the meeting that he had access to NSA intercepts and that is how he learned that Mr. Rodriguez was speaking on an open phone discussing matters involving this operation?

Mr. DUTTON. He said he had NSA intercepts that showed that this had happened, yes, sir.

Mr. MITCHELL. He did say that?

Mr. DUTTON. Yes, sir.

Mr. MITCHELL. Did he show you and Rodriguez intercepts, or did he merely say that he had them?

Mr. DUTTON. He merely said that he had them, sir.

Mr. MITCHELL. Now, I want to get into another area. You testified in response to Mr. Liman's question this morning regarding this operation—your exact words, I think, as I wrote them down were: This operation was run by the U.S. Government.

Do you recall that testimony? He was asking you about other special operations that were run by the U.S. Government and I believe you said: This operation—referring to the resupply operation which is the subject of this hearing—was run by the U.S. Government.

Do you recall that testimony?

Mr. DUTTON. I don't recall it directly, but an answer along those lines would have been appropriate.

Mr. MITCHELL. And that is your belief, that is what you do testify to?

Mr. Dutton. Whether by or for, it is probably a fine point and one that is trying to be made here.

I felt it was being run by General Secord and Colonel North, it was being run for the President. To say that it is being run by the U.S. Government was——

Mr. Mitchell. But you also said that North and Secord were your cocommanders.

Mr. Dutton. Yes, sir. That was my impression.

Mr. Mitchell. Reference was made to the legal opinion regarding the Neutrality Act.

Mr. Dutton. Yes, sir.

Mr. Mitchell. And I have a copy of it here before me. It was an exhibit in connection with Mr. Secord's testimony. Perhaps we could make copies available. I want to make certain that we are talking about the same document.

Mr. Dowd. Exhibit 23, Senator?

[The exhibit appears in volume 100-1.]

Mr. Mitchell. Yes, sir. It consists of a covering letter from an attorney, Middleton A. Martin, and a six-page memorandum entitled "Applicability of the Neutrality Act."

Is that what you were referring to?

Mr. Dutton. Yes, sir, it was.

Mr. Mitchell. This memorandum assumes that the operation would involve private individuals in a commercial relationship, and reaches the conclusion that under certain circumstances, which I will get into in a moment, the Neutrality Act would not apply.

My question is—I fail to see the relevance of this memorandum if you, as the person in charge of the operation, believed it to be run either by or for the U.S. Government, the commander or—at least the cocommander of which was a government official.

You had no doubt that Colonel North was a government official at the time?

Mr. Dutton. Oh, no, sir.

Mr. Mitchell. And you believed him to be acting in his capacity as a government official?

Mr. Dutton. I didn't know how the U.S. Government was trying to run the operation, whether they were running it as a government operation or, if in fact, had hired or had established a proprietary to run it for them. It wasn't a concern of mine—when I read this, I was convinced—General Secord said that is the way it is set up——

Mr. Mitchell. You were reassured?

Mr. Dutton. Yes, sir.

Mr. Mitchell. You are not a lawyer and it was reassuring to you to have a lawyer's written opinion telling you that what you were doing was not illegal, is that fair?

Mr. Dutton. Yes, sir.

Mr. Mitchell. You didn't get into the fine points of the legal memorandum?

Mr. Dutton. No, sir.

Mr. Mitchell. I would like you to look at the first page and the sentence I have underlined. It says, the company would not transport insurgent personnel for military or any other purpose.

That is really the distinction you understood, is it not, that you could transfer weapons, but as long as you didn't transfer personnel, you would not be violating the law?

Mr. DUTTON. That was my understanding, yes, sir.

Mr. MITCHELL. Then it goes on to say, nor would the company otherwise participate beyond provision of airlift services in insurgent activities.

Mr. DUTTON. And that, to me, was what we were doing, was providing airlift services. That is what my job was.

Mr. MITCHELL. So if it turned out that a member of the company, in fact, participated beyond provision of airlift services, you understood then that the activities would be illegal under the Neutrality Act?

Mr. DUTTON. I think the individual that participated might be in jeopardy, and if it was supported and approved by the operational commander, then the operation would be in jeopardy.

Mr. MITCHELL. And if it was the commander himself who engaged in such activities, then the operation might be in jeopardy, would you say?

Mr. DUTTON. If he—yes, sir.

Mr. MITCHELL. Well, I think it is clear that this was a government operation, whether the word is "by" or "for." I think you have said "by" originally, and I think you were quite accurate when you said that.

The commander or the cocommander was a government official.

Mr. DUTTON. That is correct.

Mr. MITCHELL. The evidence that has been presented is that the funds that were received were solicited with participation by government officials and indeed the participants in the solicitation themselves testified they didn't think they would have gotten any money but for the participation of government officials.

Was that your understanding?

Mr. DUTTON. It is at this point in time. When Colonel Dutton starting into this, the fact that money was being provided was fine. I could at least go to somebody for help.

Mr. MITCHELL. I am merely stating what the facts were; not questioning what your understanding of the situation then was.

As you testified, you received significant assistance from the CIA Station Chief and the military commander in the region.

Mr. DUTTON. Yes, sir,

Mr. MITCHELL. Is my time up, Mr. Chairman?

Chairman INOUYE. Yes.

Mr. MITCHELL. I thank you very much, Colonel Dutton.

Thank you, Mr. Chairman.

Chairman INOUYE. Colonel Dutton, if my recollection is correct, earlier this morning in response to a question relating to Shirley Napier's carrying an envelope to the Old Executive Office Building——

Mr. DUTTON. Yes, sir.

Chairman INOUYE. You responded that you were not aware of the content of the envelope; is that correct?

Mr. DUTTON. Not until afterwards when she returned and told me she had signed a receipt for it.

Chairman INOUYE. So you had no idea whether it was a document or cash?

Mr. DUTTON. No, sir. It was given to me as a package. That is what I was told.

Chairman INOUYE. I would like to read to you just about a half a page from the transcript of the deposition of Shirley Napier just for clarification.

Mr. DUTTON. OK.

Chairman INOUYE [reading]:

> *Question* Could you describe for us the occasion in 1986 when you delivered money to the Old Executive Office Building?
>
> Answer. This is Ms. Napier, "Bob Dutton was trying to get in touch with Bill Cooper, who was coming to Washington, and he wanted him to stop in Miami and pick up documents or papers and he could not get a hold of Bill Cooper and Mr. Secord was out of town and I didn't have much to do so I volunteered to go down and pick up the papers.
>
> Bob said he would have to make a phone call. He made his phone call, came back, said it was OK for me to pick it up, to make my reservations and that he was going to make another phone call. Well, I made my reservations and he came back and at that time he told me that I would be picking up $16,000 in cash from a man who worked for Southern Air Transport and when I picked it up to bring it back to D.C. and to take it to Colonel North at the Old Executive Office Building.

Mr. DUTTON. Yes, sir.

Chairman INOUYE. Did you know that the envelope contained $16,000?

Mr. DUTTON. Sir, my testimony has been that I didn't know until afterwards. That is Shirley's recollection of it. The recollection that Bill Cooper was coming up to pick up the package, I don't think I would have used Bill Cooper as a courier.

And it may have been that she heard me say Bill because we were looking for Bill Olmsted at the time to actually do, to go down and pick up the package.

I don't—I do not recall finding out that it was cash until after she returned.

Chairman INOUYE. Are you acquainted with Mr. Robert Owen?

Mr. DUTTON. No, sir, I didn't know that name until afterwards.

Chairman INOUYE. Mr. Robert Owen appeared as a witness last week and during his testimony a document identified a exhibit RWO-11 dated February 10, 1986, was made part of the record.

[The exhibit appears in volume 100-2.]

This is a report from Mr. Owen to Colonel North and in this report he says the following,

> No doubt you know the DC-4 we got was used at one time to run drugs. Part of the crew had criminal records. Nice group the boys chose. The company is also one that Mario has been involved with and used in the past, only they had a quick name change. Incompetence reigns.

You got into this business on May 2, 1986, isn't that correct?

Mr. DUTTON. Yes, sir.

Chairman INOUYE. During the period of this special operations in Nicaragua, the Contra assistance program, were all the aircraft used, were they owned and operated by Southern Air Transport?

Mr. DUTTON. No, sir, they were not. I was to find out after the operation that some of the paperwork that was supposed to have been accomplished to transfer the registration had, in fact, not been done. If we had ever gotten a breather from trying to just get the operation working, I am sure we would have gotten the paperwork squared away, but they were not owned by Southern Air Transport.

Chairman **Inouye**. Were any of those planes involved in running drugs?

Mr. **Dutton**. No, sir, none of ours. We had never had a DC-4 to to begin with but none of our aircraft would be used for something like that and Southern Air Transport would never be associated with anything like that.

Chairman **Inouye**. Were you aware of this type of activity as Mr. Owen reported to Colonel North?

Mr. **Dutton**. No, sir, I wasn't. I had my hands full.

Chairman **Inouye**. I notice that my time is up. I thank you very much, sir.

Mr. **Dutton**. Thank you, sir.

Chairman **Hamilton**. Colonel Dutton, I just have a few questions for you. You testified that Colonel North said he was going to take that photograph album you were shown earlier today to the President. Did he ever do so?

Mr. **Dutton**. Sir, I have no idea who he showed it to, and he did—he referred to top boss. It was my assumption that it was the President, sir.

Chairman **Hamilton**. And you never asked him about it later?

Mr. **Dutton**. No, sir, in fact, after that happened, of course, we had the shootdown and we were so involved between that and then my travels to Israel, the subject just never came up.

Chairman **Hamilton**. Did you have the impression that Colonel North reported to the President occasionally or frequently?

Mr. **Dutton**. Yes, sir. I didn't see any way that all of the things that we were able to get done and the cooperation or changing of the levels of cooperation could have been accomplished unless Colonel North was operating with the highest authority.

Chairman **Hamilton**. Did he report to you on any conversations he had with the President?

Mr. **Dutton**. No, sir, he did not.

Chairman **Hamilton**. And you also assume that he talked frequently to Director Casey and Attorney General Meese, or occasionally to them?

Mr. **Dutton**. I would say with Mr. Casey probably frequently; and I knew that he had occasion to talk to Mr. Meese, as I previously testified.

Chairman **Hamilton**. And the reason you make the assumption that you do with regard to Colonel North's contacts with the President, I presume, is because of your experience with these special operations and the fact that those operations only work—they are outside the normal chain of command, and that they depend on direct access to very high officials. Is that a fair statement?

Mr. **Dutton**. Yes, sir, that would be correct.

Chairman **Hamilton**. You also testified that Colonel North told you that he spoke to Attorney General Meese and the Attorney General agreed to pull back the investigation of Southern Air Transport. Is my recollection correct?

Mr. **Dutton**. That is essentially correct, yes, sir. As I recall the statement, he said it was taken care of, and that he didn't use the term that he had gotten them to pull back, but the problem was taken care of for the time being.

Chairman HAMILTON. In any event, Colonel North urged the Attorney General to pull back the investigation of Southern Air Transport?

Mr. DUTTON. Yes, sir, that is my understanding.

Chairman HAMILTON. Now, do you know whether the investigation they are talking about at that point was a criminal investigation or a grand jury investigation or what kind of investigation it was?

Mr. DUTTON. My feeling was it was a preliminary investigation. It was FAA and Customs, and they had seen the aircraft sitting in front of Southern Air Transport, and it was a matter of curiosity. Things were breaking in the press, the Miami Herald had picked up a number of stories, and I think they were just being responsible in going on a preliminary investigation.

Chairman HAMILTON. All right. That is all the questions I have. I have Mr. Stokes next.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Dutton, what was your military rank?

Mr. DUTTON. I was a colonel, sir.

Mr. STOKES. Would it be a fair statement to say that in your 26 years—is that how long you have been in the military?

Mr. DUTTON. Yes, sir.

Mr. STOKES. In the 26 years you have been in the military service of the United States that you had never seen a lieutenant colonel with the power and authority of Lieutenant Colonel North?

Mr. DUTTON. Not with that much power, but I have observed what I would consider junior ranking officers that could make the Pentagon sit up and talk, and they are just that dynamic. And Colonel North was one of those. I made the comment, I think, to General Secord that I have seen Colonel Norths before, and they are something to behold.

Mr. STOKES. Well, would you say that he surpassed any that you had ever seen before?

Mr. DUTTON. On an order of magnitude.

Mr. STOKES. All right.

You testified this morning that once a month, the administrative aide would go to Colonel North's office to pick up tapes for the KL-43s. From whom in Colonel North's office would those tapes be picked up?

Mr. DUTTON. On the occasions that it was done that way, sir, on one occasion I brought them out after the meeting that we had with Felix, I actually carried some back that day. But Shirley would go down and meet with Fawn Hall, Colonel North's secretary.

Mr. STOKES. Fawn Hall would supply those?

Mr. DUTTON. She would bring them down. It was the convenience. She would come down from the office and just meet Shirley at the gate so she didn't have to sign in and out, and she would deliver them to her.

Mr. STOKES. This would happen about once a month?

Mr. Dutton. Over the 4-month period, yes, sir. It maybe happened, out of the 4 or 5 months, that was the way it was done three times.

Mr. Stokes. You testified further this morning that Shirley had picked up the sum of $16,000 from Miami, and then had taken the money back and given it to Fawn Hall?

Mr. Dutton. Yes, sir, it was a delivery in reverse. Again, it was a matter of convenience rather than Shirley going all the way up to Colonel North's office.

Mr. Stokes. Other than these two things you have testified to about Fawn Hall, can you recall anything else that Fawn Hall did in this operation?

Mr. Dutton. Other than provide a little sunshine to it, nice way to start your day, to call Ollie's office and talk to Fawn for a few minutes, but no, I don't know of anything else she did.

Mr. Stokes. All right.

You mentioned this morning that one of the reasons you felt that North had the President behind him was because of the involvement of the U.S. agencies in this whole operation.

Mr. Dutton. Yes, sir.

Mr. Stokes. By those agencies you had in mind the CIA?

Mr. Dutton. Yes, sir.

Mr. Stokes. NSA?

Mr. Dutton. Yes, sir.

Mr. Stokes. Any other U.S. agencies?

Mr. Dutton. The fact that he could talk to the Justice Department, State Department, when dealings had to be conducted with the Ambassadors in the Central American region, things that were being done down there to assist us, it seemed that he also had connections in State to assist.

Mr. Stokes. When you mentioned this morning that you also had NSA gear, were you referring to the KL-43s?

Mr. Dutton. Yes, sir, I was.

Mr. Stokes. No other gear?

Mr. Dutton. No, sir.

Mr. Stokes. OK. Whenever Colonel North referred to either Mr. Poindexter or Mr. McFarlane, how did he refer to them?

Mr. Dutton. I guess on the travels for Mr. McFarlane in his private capacity, he referred to him as Bud, and for Admiral Poindexter, I believe he referred to him as the Admiral.

Mr. Stokes. On occasions when your resupply aircraft had to refuel in Costa Rica, were arrangements made that would permit this?

Mr. Dutton. Yes, sir.

Mr. Stokes. All right. And who made those arrangements with the necessary authorities?

Mr. Dutton. The Chief of Station and the MilGroup commander.

Mr. Stokes. And did the same senior CIA field officer arrange the designation of standard drops zones which were then used by your resupply operation in making drops to the Southern Front?

Mr. Dutton. He would coordinate those drop zones with the southern force's commandantes. I guess they would do the map study together, figure out where it was they wanted the drop, and then he would transmit those usually through Rafael Quinteros to myself. Sometimes he would send them directly up to our main operating base.

Mr. STOKES. Thank you very much.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. Thank you, Mr. Chairman.

Colonel Dutton, if Colonel North had shown the President that photo album, don't you think there would have been some reaction to it? The fact that you never heard any reaction to that photo album, wouldn't that tend to indicate that it wasn't seen by the President?

Mr. DUTTON. Sir, from the time I gave Colonel North that photo album until December, we were operating at an extremely high rate of speed. I doubt if the subject ever crossed Colonel North's mind and it certainly didn't cross mine. We had much bigger things we were working on.

Mr. HYDE. Now, we hear much about the power of a lieutenant colonel, a lowly lieutenant colonel in the marines, and how he had this enormous power. It just seems to me, and I wonder if you don't agree, that Colonel North wasn't acting in his capacity as a colonel in the Marine Corps but he was acting as an official of the National Security Council when he called people, when he sent memos, when he issued directives or whatever it was he did.

It wasn't in the rank of colonel in the Marine Corps, but as a relatively high official with the approval of, perhaps of his immediate superiors in the National Security Council. It just seems to me, I mean, some members of this prosecutoral exercise probably made it to the Boy Scouts, but not much beyond. I haven't checked on everybody; a few I have. They still wield enormous power as Senators, as Members of Congress. So it just seems to me kind of a false issue to be talking about his rank while he was assigned to the National Security Council.

I don't suppose you have any comment on that and I don't, solicit one, but I want to make the point.

Mr. DUTTON. The only point I would make, sir, is I would never refer to a lieutenant colonel as "lowly". That is a good way to lose support.

Mr. HYDE. I suppose if you are a lieutenant or a lesser rank, you are right.

Now, one last question. In your work, because of its covert nature, I know you used code names. Some of them are very interesting: Steelhammer, Blood and Guts, and you had encryption devices to communicate with each other to keep things from the public gaze, and you talked in obscure murky terms to conceal the reality. I understand that.

I have read some of these messages, and I figured out a lot of the obscure language. DZ, I guess, is drop zone—is that it? And some of the language is obscure to me, and I wonder if you could tell me what it is. I will read you the code, and you tell me what you really meant.

For instance, your exhibit 9, RCD-9. "Send Fawn. Can't continue on milk and cookies. Regards, Bob." What was the reality behind that code message?

Mr. DUTTON. Sir, that is highly classified.

Mr. Hyde. Oh, I wouldn't want that disclosed in public.

Mr. Dutton. Sir, at that point in time we had finally been successful, and it was time to put just a slight bit of levity into what was going on. We had been dead serious for a long time, and the idea of sending Fawn just struck me at a weak moment.

Mr. Hyde. No one can say you exercise poor judgment all the time, Colonel.

Mr. Dutton. Thank you.

Mr. Hyde. I think we can use a little here too, and I thank you, Colonel. I have no more questions.

Chairman **Hamilton.** Mr. Broomfield.

Mr. Broomfield. Colonel, all I wanted to do was compliment you on a number of things. Certainly your public service to our Government has been outstanding. But you have been a very impressive witness, and I just want to say that it is nice to have a person like you, so honest and frank about things. I think every member, most of the members I have talked to have been extremely impressed with your appearance here today, and I just want to compliment you.

Mr. Dutton. Thank you, sir.

Chairman **Hamilton.** Mr. Dutton, I think Mr. Broomfield has expressed it very well for all of us. We thank you very much for your testimony. We are glad to have had you with us, and you have helped the work of the committee. You are excused.

Mr. Dutton. Could I make one point?

Chairman **Hamilton.** Please do.

Mr. Dutton. If I could make just one point of clarification, and if we can go back to exhibit 14, which we have all fallen in love with, but in that exhibit and in testimony that was taken the other day, there was a question asked of I believe it was Mr. O'Boyle of how shocked would he be to find out that General Secord had claimed three Maules to be his and had made them part of the enterprise, and if I could, in exhibit 14, call attention to page 8, that lists our assets and the assets were listed at that time as one C-123, a second C-123, two C-7s and only one Maule. The three other Maules were always the property of the Contras. They had been sold, and I understand the bill of sale has the Contra address on it. I have seen them in location, on location. They were never considered part of our operation.

I just thought it was important that—it came as a shock to me to find out that it was stated that General Secord might have called those part of his enterprise. He did not.

Chairman **Hamilton.** Thank you, sir. You are excused.

Mr. Dowd. Mr. Chairman.

Chairman **Hamilton.** Mr. Dowd.

Mr. Dowd. May I just express on behalf of myself and Colonel Dutton, I just want to thank the committee, but particularly your staff. You have been most professional and courteous over the last few months, and I know you get criticized like other people do in government. But I just want to thank you and thank Mr. Nields and Mr. Liman and their associates. We have been treated very well, and I just wanted people to know that.

Chairman **Hamilton.** Mr. Dowd, we thank you for that, and I know the staff will thank you as well.

You are excused, sir. The joint committees will take a 5-minute recess while the new witness comes in.

[Recess.]

Chairman **Hamilton**. The next witness will be Mr. Felix Rodriguez.

Mr. Rodriguez, would you raise your hand.

[Witness sworn.]

TESTIMONY OF FELIX I. RODRIGUEZ

Chairman **Hamilton**. You may be seated.

The questioning will begin by Mr. Barbadoro.

Mr. **Barbadoro**. Thank you, Mr. Chairman. Good afternoon, Mr. Rodriguez.

Mr. **Rodriguez**. Good afternoon, sir.

Mr. **Barbadoro**. Your true name is Felix Rodriguez, correct?

Mr. **Rodriguez**. That's correct, sir.

Mr. **Barbadoro**. And you have also been known by the name of Max Gomez, correct?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. Mr. Rodriguez, you are a citizen of the United States who was born in Cuba, correct?

Mr. **Rodriguez**. That's correct.

Mr. **Barbadoro**. And you came to the United States in 1954 to attend school and in 1958 you moved here permanently; is that right?

Mr. **Rodriguez**. That's correct.

Mr. **Barbadoro**. From 1960 until 1976 you were involved with a number of operations associated with the Central Intelligence Agency.

Could you give the committee an outline of the activities that you were involved in with the Central Intelligence Agency?

Mr. **Rodriguez**. All right, sir.

I came to school in 1954, in Pennsylvania, preparatory school; in 1959 temporarily separated from my schooling and went to the Dominican Republic. It was an anti-Communist legion at the time.

After that I came back to the States, and in 1960 I finally graduated from high school. At the end of 1960 I joined the training camps in a Central American country that we all know where later the Bay of Pigs invasion was launched from.

I was trained there, I was trained in another Central American country. After that—you asked me to give the rundown on it——

Mr. **Barbadoro**. What did you do after the Bay of Pigs invasion?

Mr. **Rodriguez**. Well, there was a group of about 80 people and they separated from the main force of the brigade out of which they selected around 35 people, and we were infiltrated inside Cuba approximately 2 months before the invasion to participate in supporting the resistance inside the country and to await for the Bay of Pigs invasion, what later became the Bay of Pigs invasion.

Mr. **Barbadoro**. After the invasion failed, you returned to the United States; is that right?

Mr. **Rodriguez**. After the invasion failed, sir, I was in Havana and they were putting in jail hundreds and thousands of people. I was lucky enough to be able to make it to the Embassy of Venezuela in Havana. I spent 5½ months in the Embassy until I was able to leave with a safe conduct for Caracas, Venezuela.

After 2 weeks in there, I was able to make it back to the States with a visa, and soon after that, since there was very little contact inside the island after the fiasco of the Bay of Pigs, I was one of the few who maintained contact and continued to infiltrate the island several times in support of intelligence operations for the agency.

Mr. BARBADORO. So you were sent to Cuba prior to the Bay of Pigs invasion, eventually came back to the United States after the invasion failed and were sent back to Cuba on other occasions after the Bay of Pigs invasion, correct?

Mr. RODRIGUEZ. That's correct.

Mr. BARBADORO. Later on you were sent to Bolivia, were you not?

Mr. RODRIGUEZ. Well, that was in 1967. Before that I—1963, I went into the U.S. Army as a second lieutenant on a special commission with President Kennedy. I spent several months in the Army.

At that time I was requested to participate in a special operation approved by the President in Central America, and I joined special training camps at that point of time, also in Central America, two different countries. We were running special operations against Castro.

After that time terminating in 1965, I returned to the United States, continued to work with the agency at that time. I did another few months, sort of a TDY job in another Central American country, Venezuela, and after that I returned and I was elected between two individuals—among several individuals, I was one of the two that was elected to go to Bolivia to participate in the capture of what later became Che Guevera.

Mr. BARBADORO. So you participated in the capture and interrogation of Che Guevera in Bolivia, is that right?

Mr. RODRIGUEZ. Yes, sir. I was the only foreigner who was able to talk to Commander Guevera for approximately 2 hours before he died.

Mr. BARBADORO. After Bolivia you went to Vietnam; is that right?

Mr. RODRIGUEZ. No, sir. After Bolivia, I went in 1968 to train with a special intelligence unit in Ecuador. I spent several months in there and after the war was asked to be a special adviser to the Peruvian police antiguerrilla unit. As a matter of fact, when I went there I was not a paratrooper. It was a paratrooper unit.

I might tell you this, when I first arrived it was as if I was a paratrooper so I did my first jump without ever getting any training. I told them that I was a paratrooper, and the jump-off time was then, and got my wings from them. While I was there the military coup of Volasco Voral took place, my unit surrounded by the army.

Eventually, they solved the problem, terminated all kind U.S. aid in Peru at that time, and I returned to Miami, and I volunteered to go to Vietnam, which I did in 1970. I extended and was there in 1970, 1971, and 1972.

Mr. BARBADORO. What did you do in Vietnam?

Mr. RODRIGUEZ. Well, sir, in Vietnam, I started advising a special group called a provincial reconnaissance unit. During that time I started very small to develop a helicopter concept that became very successful as time went by.

I got recognition from the armed forces.

Mr. **Barbadoro**. That helicopter concept was something that was used against insurgents; correct? Could you explain briefly what that helicopter concept was?

Mr. **Rodriguez**. Yes, sir. It was very, very difficult to locate a very small guerrilla unit in the area around Saigon. So the only thing that occurred to me it had to be an eyeball-to-eyeball contact with them.

First of all, intelligence was very important. It was very accurate, provided by the agency. We then ran a small Hughes-500 helicopter at tree-top level with a covering of two gunships and, of course, a good communication. Soon as we had an eyeball-to-eyeball contact with the enemy and took some fire, we were able to mark things and get immediate reaction from the gunships.

Mr. **Barbadoro**. In Vietnam, did you work for a person named Don Gregg?

Mr. **Rodriguez**. Yes, sir. Don Gregg was the original chief in the area around Bein H, Saigon. What they call re-entry.

Mr. **Barbadoro**. When did you retire from the CIA?

Mr. **Rodriguez**. Well, after that I did another tour of duty in South America and some more in the Caribbean area and due to a back injury that I had sustained I was recommended in 1975 I should apply for a disability, which I did.

It took about a year to process and I retired in 1976.

Mr. **Barbadoro**. To get something out of the way right away, Mr. Rodriguez, is it fair to say that you have spent virtually your entire adult life fighting Communist movements around the country—around the world, excuse me?

Mr. **Rodriguez**. I have tried my best, sir. It is very hard to lose your country to communism and the experience that we went through is something that sticks with you. I want to take this time to tell you, when I was in Cuba we felt left alone, we had nobody to turn to and to me it is a feeling that I see now in the Nicaraguan Freedom Fighters.

I know their experience because I was left inside once, and I wanted to help them as much as I could. I expect this would be understood by a lot of you. It does not happen to them what happened to us.

Mr. **Barbadoro**. You are also a strong supporter of the Contra cause then, I take it?

Mr. **Rodriguez**. Absolutely, sir.

Mr. **Barbadoro**. Would you ever do anything to undermine the Contra cause?

Mr. **Rodriguez**. No, sir.

Mr. **Barbadoro**. Mr. Rodriguez, let me turn to 1983. At some point in 1983 you decided to go to Central America to assist a Central American country there with an insurgency movement that was operating in that country; is that right?

Mr. **Rodriguez**. In 1983, yes, sir.

Mr. **Barbadoro**. What did you think you could do to help this country with its insurgency movement?

Mr. RODRIGUEZ. Well, sir, the scenario changed in different parts of the world; but I believe my concept was going to be valid.

Mr. BARBADORO. This is the helicopter concept that you used in Vietnam?

Mr. RODRIGUEZ. Absolutely, sir. So I went to different places, I visited those countries down there, and at that time, let me make very clear, it was not with any help from people in Washington, it was directly on my own. There was an old friend I had acquired in the past, but I didn't have much luck in implementing the concept at that time.

Mr. BARBADORO. Eventually, in 1985, you did go to the Central American country and start to implement your concept; is that right?

Mr. RODRIGUEZ. Yes, sir, I did.

Mr. BARBADORO. Prior to going there, did you meet with some U.S. Government officials?

Mr. RODRIGUEZ. Yes, sir, I did. I met with several of them. I visited Nestor Sanchez, the Undersecretary of Defense for Latin America. I also talked to Don Gregg and through other means, I did get to meet with officials of Central American countries that I believed I could help with my concept.

Mr. BARBADORO. What was Mr. Gregg's position at that time?

Mr. RODRIGUEZ. He was the assistant to the Vice President for National Security.

Mr. BARBADORO. Did you also meet Colonel North before you went to Central America?

Mr. RODRIGUEZ. Yes, sir, as a matter of fact, I did. It was December 21, 1984. I like to apologize that my first testimony wasn't that clear, because I didn't recall much at that time. Right now, it is obvious that everybody knows Colonel North; he is very popular. At that time, he wasn't well known by many people.

I really thought that I was introduced to him by Don Gregg, but having lunch the other day with a friend of mine from the State Department, he reminded me that on December 21, 1984, while I was in his office telling him I was planning to visit Don at the White House, he suggested that I meet with Colonel North, who had responsibility of the area in Central America where I was planning to go, and believed that we have common ideals and he could be very helpful.

So, he called the secretary and made arrangements to meet the Colonel in his office after my meeting with Mr. Gregg.

Mr. BARBADORO. What happened in that meeting with Colonel North?

Mr. RODRIGUEZ. I went over to see him after I finished my meeting with Mr. Gregg, and I carried an album that I had from my past experience sort of to show him my capabilities in that field, expecting that he could help me. Also, I would turn to any help that I could anywhere to be able to go and try my concept in Central America.

Mr. BARBADORO. Did he agree to support you in your efforts in trying to go to this Central American country?

Mr. RODRIGUEZ. In general terms, I would say he was very positive about it.

Mr. Barbadoro. Did you also meet with Vice President Bush prior to going to the Central American country?

Mr. Rodriguez. Yes, sir. I asked Mr. Gregg that I had an interest in meeting the Vice President, so he arranged for me—I believe it was the 29th of January—for a very, very brief meeting——

Mr. Barbadoro. That is 1985?

Mr. Rodriguez. 1985. It was not even recorded. I was just to go in and shake hands. We spent a little longer time, because as I recall, it was a news program where they had the Vice President's family, so we watch it together, and I show him my album, and he was very interested in my life story.

Mr. Barbadoro. Did you tell the Vice President that you intended to go to this Central American country to assist them with your helicopter concept?

Mr. Rodriguez. Yes, I did, sir.

Mr. Barbadoro. Did you have any discussion with the Vice President at that time about the Contras?

Mr. Rodriguez. No, sir. None whatsoever.

Mr. Barbadoro. How long did that meeting last?

Mr. Rodriguez. Well, it took probably a little bit longer than we expected, because he was actually watching a TV program with his family. Actually, our conversation was specifically showing my album. I even brought him an album where I have a picture taken with Che Guevera and others, and I think it was very interesting for him to see it. After that, we shook hands, and I left.

Mr. Barbadoro. When did you actually go to Central America?

Mr. Rodriguez. Well, sir, I actually arrived in the Central American country, where I worked and helped these people, on exactly on the fifteenth of March 1985.

Mr. Barbadoro. What did you do when you got there?

Mr. Rodriguez. When I got there first of all I had an introduction to the local people before I went there. When I got there, I sort of set up my shop in a place that a friend of mine provided for me, which is in the city, and as a private individual, which I know is local, nationality, not in the United States—I sort of—very easily starting to provide my advice, which was very hard to do at the time because very few people would understand why anybody would go there and try to implement a concept like that without requesting any money.

I believe if I had requested a salary, it would have been much easier than what it was, because nobody would believe that somebody could do this for free.

Mr. Barbadoro. You weren't being paid for what you were doing?

Mr. Rodriguez. No, sir, I was not being paid. I was paid morally by my own feelings.

Mr. Barbadoro. How were you supporting yourself while you were down there?

Mr. Rodriguez. Well, my retirement would take care of my family. This friend of mine was a local individual providing me with a place to stay, and I could sign, the place where I was, for food.

Mr. Barbadoro. Did you begin to assist the government?

Mr. **Rodriguez**. It was hard. The beginning was very hard. I had a big break on April 18, when we were able to capture a commandante alive, and that was my breaking point in introducing the concept and getting respect for the local people for the concept itself.

Mr. **Barbadoro**. Between March 1985 and September 1985, how many missions did you engage in for this government?

Mr. **Rodriguez**. Well, altogether sir, it was over 100. I don't know exactly during that period. My helicopter was hit over 15 different times, I crashed one. I was able to fly back—my pilot was wounded in one of the operations.

Mr. **Barbadoro**. Between March and September 1985, did you do anything to support the Contras, or were your activities solely confined to assisting the government with the counterinsurgency operation?

Mr. **Rodriguez**. It was mostly just strictly in that type of field, the helicopter concept. And trying to get parts that were hard to get at times.

Mr. **Barbadoro**. When did you first hear from Colonel North after arriving in Central America?

Mr. **Rodriguez**. I think we met several occasions during that period. At one point in time, he asked me that he wanted to talk to me. I think I was in Washington, I don't recall the exact time but it was before September 1985. We just—because of his schedule and mine we could not get together, so he told me he was sending me a letter that will give me—you know, his ideas, what he wanted me to do.

Mr. **Barbadoro**. Did you get a letter from Colonel North in September 1985?

Mr. **Rodriguez**. Yes, sir, I finally got it where I was down there on 29th of September and the letter was dated the 20th of September.

Mr. **Barbadoro**. Mr. Rodriguez, could you take a look at exhibit FIR-1? There should be a book of the exhibits in front of you.

Mr. **Rodriguez**. What was the exhibit again, sir?

Mr. **Barbadoro**. The exhibits should be in the book in front of you.

Mr. **Rodriguez**. I have it.

Mr. **Barbadoro**. That is a copy of the letter you received from Colonel North, correct?

Mr. **Rodriguez**. That is correct, sir.

Mr. **Barbadoro**. What did this letter ask you to do?

Mr. **Rodriguez**. It was basically a request from the area where I was, location, for maintenance of aircraft. I was told that where they were operating it was very difficult to maintain the aircraft. They didn't have enough security to do it and he felt that I had the respect of the people where I was, and I could be instrumental in asking them to see they will support strictly for a space ramp to maintain his aircraft.

Mr. **Barbadoro**. Let's go over the letter in more detail, Mr. Rodriguez. The letter notified you that the UNO FDN air arm was going to commence a resupply operation using a C-7 aircraft and a Caribou aircraft, is that right?

Mr. **Rodriguez**. A C–7 and the Caribou, are the same thing, sir, yes.

Mr. **Barbadoro**. A C–7 Caribou and a Maule aircraft, is that correct?

Mr. **Rodriguez**. That is correct.

Mr. **Barbadoro**. What the letter asked you to do was to provide maintenance facilities at the air base in the country where you were working, is that right?

Mr. **Rodriguez**. Yes, sir. Basically, to get a space. I was told that there would be no need for any local maintenance. The group would have their own maintenance and clear personnel that would be able to maintain these aircraft.

Mr. **Barbadoro**. So the FDN would provide the mechanics to work on the planes, all that Colonel North wanted was for you to gain the permission of the government to use the air base as a place to work on the planes, is that correct?

Mr. **Rodriguez**. That is right.

Mr. **Barbadoro**. Did this letter say anything to you about storing arms and ammunition on this air base?

Mr. **Rodriguez**. No, sir, nothing whatsoever. Strictly a space.

Mr. **Barbadoro**. What did you do after you got the letter?

Mr. **Rodriguez**. Well, sir, I contacted the individuals to help me in this and explained to them the need for this type of an operation. I got the concurrence to go ahead with it. It was in the best interest of every single Contra in Central America.

Mr. **Barbadoro**. Did you call Colonel North to tell him that you had gotten the permission of the authorities to use the air base from the authorities?

Mr. **Rodriguez**. Yes, sir. I called him on the following day and told him it was a go and the only thing that I had to wait for was the letter explaining somebody would contact me by the name of Mr. Green, and he would be the one who will help implement and set up this shop down there.

Mr. **Barbadoro**. Were you eventually contacted by someone who identified himself as working for Mr. Green?

Mr. **Rodriguez**. Yes, sir, in the middle of December 1985.

Mr. **Barbadoro**. Tell us about that contact. Was it by telephone?

Mr. **Rodriguez**. Yes, sir, it was a telephone call and the individual identified himself as Mr. Green. The voice sounded familiar so I knew who he was.

Mr. **Barbadoro**. Who was it?

Mr. **Rodriguez**. Rafael Quintero.

Mr. **Barbadoro**. And how did you know Rafael Quintero?

Mr. **Rodriguez**. Well, sir, we were together back in the Bay of Pigs invasion. We infiltrated Cuba together at that time. As a matter of fact, after the failure of the invasion, one of my operations in reestablishing the link inside of Cuba, he was one of the people that I infiltrated inside Cuba at the time. We also worked together in the other programs in Central America in 1963, 1964, and 1965.

Mr. **Barbadoro**. What did Mr. Quintero say to you in this conversation?

Mr. **Rodriguez**. He explained to me that he was on behalf of Mr. Green, and he would require if I will get authority for arrival on the following day of a Boeing 707, which he described was heavy stuff, which I understood to be military equipment.

Mr. **Barbadoro.** You understood to be military equipment?

Mr. **Rodriguez.** Yes, sir.

Mr. **Barbadoro.** And did the 707 arrive the next day?

Mr. **Rodriguez.** Yes, sir, it did.

Mr. **Barbadoro.** What was it carrying?

Mr. **Rodriguez.** Pardon?

Mr. **Barbadoro.** What was the 707 carrying?

Mr. **Rodriguez.** It was carrying military equipment, basically the things we got all along. After that it was 81 millimeter rounds, it was 60 millimeter rounds, some AK-47 ammunition, some C-4 explosives, it was somewhere around the 85,000 pounds load of equipment.

Mr. **Barbadoro.** So the plane carried approximately 85,000 pounds of various types of ammunition?

Mr. **Rodriguez.** That is right, sir.

Mr. **Barbadoro.** Who owned this 707?

Mr. **Rodriguez.** It had the markings of Southern Air Transport.

Mr. **Barbadoro.** Did you subsequently learn where these arms had come from?

Mr. **Rodriguez.** According to the manifest, it was not accurate, because it said only 36 pounds on board. It was coming from Portugal.

Mr. **Barbadoro.** What did you do with the ammunition?

Mr. **Rodriguez.** We had storage in a local warehouse.

Mr. **Barbadoro.** You stored it in a warehouse on the air base, is that right?

Mr. **Rodriguez.** That is correct.

Mr. **Barbadoro.** Later on, did other 707s carrying ammunition arrive at the air base?

Mr. **Rodriguez.** Yes, sir, I believe it did. Several came in in the following year.

Mr. **Barbadoro.** And approximately how many airplanes came in loaded with ammunition?

Mr. **Rodriguez.** I would say approximately between five and six. The amount of about 500,000 pounds of equipment that we had stored in the warehouse, give or take.

Mr. **Barbadoro.** And approximately when was this ammunition delivered to the airport?

Mr. **Rodriguez.** I believe it was sometime in March of 1986.

Mr. **Barbadoro.** So between December 1985 and March 1986——

Mr. **Rodriguez.** I would say the first part of 1986 most of the planes came in.

Mr. **Barbadoro.** And all the ammunition was stored at this warehouse on the air base?

Mr. **Rodriguez.** Yes, sir.

Mr. **Barbadoro.** Did you also receive flights carrying nonlethal aid?

Mr. **Rodriguez.** Yes, sir, there were some L-100s that came in with nonlethal aid.

Mr. **Barbadoro.** And about when did those flights come in?

Mr. **Rodriguez.** Let me check something that I have here, sir. Some came the 9th of February—the first one came on January 17.

Mr. BARBADORO. Mr. Rodriguez, could you pull the microphone a little bit closer?

Mr. RODRIGUEZ. All right.

Mr. BARBADORO. Thank you, sir.

Mr. RODRIGUEZ. Sorry.

Mr. BARBADORO. And how many flights came in carrying nonlethal aid?

Mr. RODRIGUEZ. Sir, as I was telling you, it is not easy for me to recall because at the same time I was doing my flying, so it was on and off. If I gave you an exact amount, it would not be very accurate.

Mr. BARBADORO. Would it be less than 10 flights?

Mr. RODRIGUEZ. Less than 10, correct.

Mr. BARBADORO. Where was the nonlethal aid stored?

Mr. RODRIGUEZ. The same place.

Mr. BARBADORO. It was stored in the warehouse, along with the ammunition?

Mr. RODRIGUEZ. That is correct.

Mr. BARBADORO. The letter that you received from Colonel North in September referred to a C-7 Caribou and Maule aircraft that would be arriving. Did a C-7 Caribou arrive at the air base at some point?

Mr. RODRIGUEZ. Finally.

Mr. BARBADORO. When was that?

Mr. RODRIGUEZ. It didn't actually arrive; it actually had an emergency landing before it got there. It was in such poor condition that we had to drop everything that were from the inside in the middle of the field and eventually make an emergency landing nearby our area.

Mr. BARBADORO. Would it have been in February or March 1986?

Mr. RODRIGUEZ. It was in February 1986, sir.

Mr. BARBADORO. And you mentioned there were some problems with the aircraft. Could you describe what those were?

Mr. RODRIGUEZ. Yes, sir. It lost one engine and normally those aircraft were supposed to be able to fly with the other engine. It was in such poor shape that it could not fly with one engine alone, even at sea level after dropping everything from the inside it still would not fly so he had to make an emergency landing.

Mr. BARBADORO. You say they had to drop things out of the plane. What did they drop out of the plane?

Mr. RODRIGUEZ. They dropped spare parts and spare engines, and even the manuals, spare tires and everything.

Mr. BARBADORO. This was while they were flying to the air base in Central America?

Mr. RODRIGUEZ. Right. That was while they were trying to find a place to land for emergency before they even got to the air base.

Mr. BARBADORO. Did additional aircraft arrive at the air base?

Mr. RODRIGUEZ. Yes, then eventually one Maule arrived, and then one C-123.

Mr. BARBADORO. Once the operation became fully operational, how many aircraft were there?

Mr. RODRIGUEZ. Well, we had altogether, I would say, after June 25, we had altogether two C-123s, we had two C-7 Caribou and one Maule.

Mr. **Barbadoro**. When did the operation actually start to make air drops?

Mr. **Rodriguez**. Well, there was the first air drops, as I recall, there was mainly the L-100 and it actually was May 9, the first time—they did talk to the people but were not able to find them. On the second night they were successful in finding them in nighttime and making a successful airdrop on the south front.

Mr. **Barbadoro**. Would that have been in March 1986?

Mr. **Rodriguez**. Could be, sir. I'm not too good at dates. I didn't follow that closely.

Mr. **Barbadoro**. Mr. Rodriguez, were there records made of what was taken out of the warehouse to be dropped to the Contra forces?

Mr. **Rodriguez**. What was taken out of it?

Mr. **Barbadoro**. Were there records kept of what was taken out of the warehouse?

Mr. **Rodriguez**. Yes, sir. I made it available to this committee.

Mr. **Barbadoro**. Would you take a look at FIR-2, and I represent to you that FIR-3 is a translation of FIR-2.

Mr. **Rodriguez**. That's correct.

Mr. **Barbadoro**. Are these the records of what was distributed from the warehouse between May and September, which you provided to the committee?

Mr. **Rodriguez**. That's correct, sir, and I believe it to be very accurate.

Mr. **Barbadoro**. Mr. Rodriguez, the records that you provided us showed that there were nine resupply drops to the Southern Front forces between May and September, and nine to the FDN forces in the North between May and September.

Would you accept that as a fair estimate of the number of resupply drops that were made during that period?

Mr. **Rodriguez**. I have no reason to believe otherwise.

Mr. **Barbadoro**. They also showed that the vast majority of the drops were made in September of 1986. Is that your recollection of when the drops were made?

Mr. **Rodriguez**. That's correct, sir.

Mr. **Barbadoro**. Why did it take until September for these drops to be made?

Mr. **Rodriguez**. That was about the time that all the problems that the aircraft were having were able to be corrected in the meantime, engines, communication equipment and navigational gears, and all the problems they in the time through all of that month were finally taken care of and they were finally in operational condition about that time.

Mr. **Barbadoro**. What was your role in this air resupply operation?

Mr. **Rodriguez**. My role, sir, was to coordinate with the local authorities and this group and try to facilitate their entrance into the area and the clearance to take off and land and the logistics of the houses where all the the U.S. personnel lived.

Mr. **Barbadoro**. Is it fair to say that you acted as a liaison with the host government?

Mr. **Rodriguez**. That's fair, sir.

Mr. **Barbadoro.** And without your connections with the host government, the operation wouldn't have been able to operate out of the air base; is that right?

Mr. **Rodriguez.** Well, after it was established, I would assume that nobody is indispensable, that somebody else could have taken my role.

Mr. **Barbadoro.** You also managed the fuel fund, correct?

Mr. **Rodriguez.** Yes, sir. I made a point to keep very clear records on that for my own responsibility with the local people, and you have been given complete details of those funding that we managed that you go from every single gallon that went into every aircraft, the date when it was put in there and the cost that we paid for it.

Mr. **Barbadoro.** Colonel Dutton has testified that he was concerned about giving you money for the fuel fund.

How did you manage to obtain control of this fuel fund and why did you obtain control of the fuel fund?

Mr. **Rodriguez.** It was not a matter of gaining control of the fuel fund; it was a matter of establishing—it was established that way. And to facilitate the movement, we agreed that only two individuals would have access to sign for the refuel. So they would bring the money in cash, we would deposit it with a local accountant, and we obtained a receipt for the exact amount that we have given them, and they maintained a precise record of every single dollar that we spent and kept a balance, and when it was getting low we allowed those people to know in Washington to get some other funds to replace it.

Mr. **Barbadoro.** You have given those records to the committee; is that correct?

Mr. **Rodriguez.** Completely, sir.

Mr. **Barbadoro.** When you first got this letter from Colonel North in September, who did you think was going to be running this resupply operation?

Mr. **Rodriguez.** I had no idea.

Mr. **Barbadoro.** At some point in February of 1986, did you learn that Tom Clines was connected with the operation?

Mr. **Rodriguez.** It was a gradual process. Even when I talked to Mr. Quintero, he never told me who all was involved.

I thought at the beginning that he was dealing directly with Colonel North, and then somebody who was in a neighboring country approached me and mentioned to me they had received a boat, and that is where I got the figure that has been so widely publicized, that Mr. Clines was waiting for the boat and he was able to receive the manifest.

It could have been not during that time but maybe before that. This individual mentioned to me that in the manifest the hand grenades that they were charging Mr. Calero over $9 were being bought just recently for a little bit over $3. He was making a tremendous profit of 200 percent on it, and that concerned me.

Mr. **Barbadoro.** Who did you understand was selling the hand grenades to the Contras?

Mr. **Rodriguez.** It wasn't that clear to me, sir. I just knew the fact the the boat had arrived, and Tom was waiting for it and the price was tremendously high.

Mr. Barbadoro. When you say Tom, you mean Tom Clines, is that right?

Mr. Rodriguez. Yes, sir.

Mr. Barbadoro. It was your understanding that these hand grenades were being sold for $9 when they actually cost $3?

Mr. Rodriguez. That was what I was told, sir.

Mr. Barbadoro. How did you know Tom Clines?

Mr. Rodriguez. I knew Tom back in 1961 when I came back from Venezuela. He was my case officer. I want to make clear to tell you that we were very close friends. I had a high regard for him at the time. It was unfortunate that because of the Wilson situation in 1979 we completely broke with each other and it was very hard for me because he did a lot for me in my career. But it got to a point in time where principles and what I had felt so long came in conflict with Mr. Clines activity at the time. From that time we didn't have any fight or anything, but we just separated from that time on.

Mr. Barbadoro. So you knew Tom Clines from your days working for the CIA?

Mr. Rodriguez. Correct. That is correct, sir.

Mr. Barbadoro. And you were a close friend of his?

Mr. Rodriguez. Yes, sir.

Mr. Barbadoro. And at some point you broke with Mr. Clines. Is that right?

Mr. Rodriguez. Yes, sir.

Mr. Barbadoro. What was the reason for breaking with Mr. Clines?

Mr. Rodriguez. Well, sir, I knew about his involvement with Mr. Wilson at the time, and I have very little respect for Mr. Wilson in his connection with Qadhafi, which I consider an enemy of Cuba and an enemy of the United States, and at that point in time we sort of separated. I would rather not speculate more about it.

Mr. Barbadoro. What was your reaction when you learned that Mr. Clines was connected with this operation?

Mr. Rodriguez. It was a big surprise because I know he was very close to Mr. Quintero and why he didn't tell me anything about it. So I felt kind of funny that he was involved in that and never told me of anything.

Mr. Barbadoro. Were you concerned Mr. Clines was involved with the operation?

Mr. Rodriguez. Yes, sir.

Mr. Barbadoro. When did you learn that General Secord was running this operation?

Mr. Rodriguez. Well, sir, it had to do with an incident of a mechanic that came to our area——

Mr. Barbadoro. That was in February 1986, wasn't it?

Mr. Rodriguez. Right. That is correct.

Mr. Barbadoro. Why don't you describe that incident?

Mr. Rodriguez. I can give you the exact date because I don't forget that date. It was on the 5th of February of 1986. We had been told—I believe it was a phone call from Mr. Gadd—to pick up this mechanic, who was going to be working as our operative, the day before. Our people went to pick him up at the airport and they actually could not identify the individual. It turned out to be that, what they told me, because I never saw the individual, was that he was so old he looks like he was walking to a nursing home after that.

That afternoon he called me in to the house and he was picked up by some of the people from the American crews and the following day I had a call from Mr. Vernon Hughes, which I consider a professional and friend of mine, and he asked me——

Mr. **Barbadoro**. Who was Vernon Hughes?

Mr. **Rodriguez**. Vernon Hughes was one of the rigger and kicker of the resupply operation.

Mr. **Barbadoro**. He was one of the employees of the resupply operation?

Mr. **Rodriguez**. Yes.

So he came to me and told me, he say, look, Max, we got a problem here.

I said, why?

He said this guy came here and first evening he drank 24 beers. The second day he drank 36, and he said he was told that this was a money-making operation. That he didn't like our house, that he wanted to move to a hotel. He mentioned that he had made $5,000 in Belize while fixing a plane that was going to do some contraband in Mexico and that he himself had participated in fixing some airplanes in Puerto Rico that were Colombian that had to do with drugs.

I told Mr. Hughes not to tell him anything, where he was, or what was our operation about, and to try to get him a ticket to leave immediately our area.

Mr. **Barbadoro**. Did you call Colonel North to complain about this mechanic?

Mr. **Rodriguez**. Yes, sir. I called on the 5th, that day, I called the Colonel, maybe that is why I am security risk, I called him on the open telephone—we didn't have the equipment at the time—and I told him that that was not the agreement that he had told me about. He told me that people were clear to coming down here, and I explained to him the incident I just told you.

Before I finished I say, wait, here is the man that you have to talk to, he is in charge of this. And here is Dick. He put Dick on the phone. And later I understood that Dick was General Secord.

Mr. **Barbadoro**. Who told you that the Dick on the telephone was General Secord?

Mr. **Rodriguez**. Well, I thought at the beginning it was Dick Gadd, but the voice didn't sound familiar. He was very—the General has a very—peculiar voice, very strong one.

And he said all right, I'll take care of that. I said, is it all right if I send him back tomorrow? He said, that's fine, do that, and that is what I did.

Mr. **Barbadoro**. So you sent the mechanic back the next day?

Mr. **Rodriguez**. Yes, sir. I don't think he ever knew where he was or what type of operation it was.

Mr. **Barbadoro**. He spent 2 days in Central America and had 24 beers the first day and 36 the second?

Mr. **Rodriguez**. That is correct.

Mr. **Barbadoro**. And the next day you sent him back, is that right?

Mr. **Rodriguez**. Yes, and he didn't even know why, we just said we didn't have any requirement at that time for him. He just came up and we just sent him back.

Mr. **Barbadoro**. Did you later meet with General Secord in Central America?

Mr. **Rodriguez**. Yes, sir, I did.

Mr. **Barbadoro**. When was that?

Mr. **Rodriguez**. He came accompanying Colonel North in the meeting that took place in my area and I think it was—sorry about my memory on this, but I have to refer to my notes.

Mr. **Barbadoro**. Let me remind you. It was on April 20, 1986, wasn't it?

Mr. **Rodriguez**. OK, that is correct. Yes, on April 20 they came on a jet, a private jet, on a November 1012 Bravo, if I recall correctly, and there was supposed to be a meeting between them and Mr. Bermudez and sort of a coordination type deal.

Mr. **Barbadoro**. Who was Mr. Bermudez?

Mr. **Rodriguez**. He is the military chief of the FDN. For the north front.

Mr. **Barbadoro**. What happened at that meeting?

Mr. **Rodriguez**. Well, sir, the FDN were not very happy with the type of aircraft that were being provided. They thought they were too old. They thought that not only old, it didn't carry enough equipment, it was a tremendous risk to resupply a unit deep inside Nicaragua with that type of an aircraft. The payload they would carry was very small and the risk would be too great.

He thought that they should buy a better aircraft and bigger and faster aircraft. He expressed that concern to Colonel North, and Colonel North told him that those were a donation, that he didn't control that, and if he had the money to buy it, he probably would buy a C-130, but since he didn't have money to buy, whoever donated him aircraft, that is what he would take and make it available to them. It was better than nothing.

Also, that they were going to have crews capable of flying this aircraft, and they will teach the FDN that it could be flown in there, and it could be done safely, and they could serve the purpose.

Mr. **Barbadoro**. When Mr. Bermudez complained to Colonel North about the condition of the aircraft, Colonel North's response was that the aircraft had been donated, and there was nothing he could do about the condition, is that right?

Mr. **Rodriguez**. That is correct, sir, and that is probably where I got my idea that if it were a donation, it does belong to the Nicaraguan Freedom Fighters.

Mr. **Barbadoro**. Did Colonel North also say something about training FDN pilots to operate the aircraft?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. What did he say?

Mr. **Rodriguez**. He said about it that when they got sufficient confidence in these aircraft, then they maybe will be willing to go ahead and get their pilot, talking about the Nicaraguan pilot, trained so that they can continue with the mission.

Mr. **Barbadoro**. Was there also a discussion at this meeting about end-user certificates for Blowpipe missiles?

Mr. RODRIGUEZ. Yes, sir.

Mr. BARBADORO. Tell us about that.

Mr. RODRIGUEZ. I was requested about 2 or 3 weeks before by Mr. Quintero that there was a need, which I recognized to be very valid, of some ground-to-air missile to provide to the Nicaraguans, since they had this new helicopter. He said that they will require a local end-user certificate to acquire the Blowpipes. This unit were from a South American country whose company's name was Udall in Panama—excuse me, it was Lake Resources in Panama and to mail the certificate in the name of Lake Resources and that it was a South American country who owned this company and had the missiles.

Mr. BARBADORO. Did you obtain the end-user certificates in the name of Lake Resources?

Mr. RODRIGUEZ. Yes, sir, I did.

Mr. BARBADORO. Did you have a discussion with Colonel North at this meeting about the end-user certificates?

Mr. RODRIGUEZ. Yes, I asked him, before I even asked from our friends to provide it, if it was all right to go ahead and produce this end-use certificate, and he told me yes. So I gave the end-user certificate to General Secord.

Mr. BARBADORO. Did you ever learn whether the end-user certificates had been used?

Mr. RODRIGUEZ. No, sir, as a matter of fact, after 1 month, 1½ or 2 months, I inquired from them what happened to the deal and I was told that the deal was dead. They couldn't get any agreement with the South American country who had the unit, and knowing the importance of something like this, and I felt responsible for getting this certificate, I requested very strongly that it be returned to the country several times.

Mr. BARBADORO. Were the end-user certificates returned?

Mr. RODRIGUEZ. No, sir, it was never returned.

Mr. BARBADORO. Do you know what happened to them?

Mr. RODRIGUEZ. No, sir.

Mr. BARBADORO. Mr. Rodriguez, at some point that spring, did you make a decision to leave the resupply operation and your involvement with the country in Central America?

Mr. RODRIGUEZ. Two days after that trip, sir.

Mr. BARBADORO. What was the reason for your decision to leave?

Mr. RODRIGUEZ. Well, it was a very personal reason. I don't know if I got a sixth feeling or something, but after I saw the people in there, I didn't feel comfortable with it and I thought we had better leave.

Mr. BARBADORO. You didn't trust the people that were running this operation; is that right?

Mr. RODRIGUEZ. Basically, sir.

Mr. BARBADORO. You didn't trust General Secord, and you didn't trust Tom Clines; is that right?

Mr. RODRIGUEZ. For this type of operation, with that much money, no, sir.

Mr. BARBADORO. Why didn't you trust them?

Mr. RODRIGUEZ. I think it is my—it is hard for me to answer that, sir. It was just a feeling. I just didn't want any part of the operation any more at that point.

Mr. **Barbadoro**. Let me suggest something to you. Could it have been that you were concerned that in prior activities that General Secord and Tom Clines had been involved in profiteering, and you were concerned that they might be involved in profiteering in this case as well?

Mr. **Rodriguez**. You said it. Could be.

Mr. **Barbadoro**. Well, what's your answer?

Mr. **Rodriguez**. I don't have an answer specifically. I just had a feeling, sir. I just wanted to leave at that time.

I lied to those people, and I have proof, and if I don't—I think it is for somebody else to determine in a court of law.

Mr. **Barbadoro**. Let's see if we can leave it this way. Is it fair to say that you were concerned about the people that were running this operation?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. There has been considerable testimony about communications security devices called KL-43s. Did you ever have a KL-43?

Mr. **Rodriguez**. Yes, sir. I had a KL-43, and I altogether sent over 77 messages, which I gave a copy to you of all of them.

Mr. **Barbadoro**. Who did you communicate with using the KL-43?

Mr. **Rodriguez**. I checked the record again, but all the time it was Mr. Quintero, with Mr. Dutton, and I believe there was one message to Mr. Cooper that was used in the machine that I have from somebody else in my house. But the rest of the 76 messages were between myself and Quintero and myself and Mr. Dutton.

Mr. **Barbadoro**. Did you ever use the KL-43 to communicate with Colonel North?

Mr. **Rodriguez**. No, sir. Never did.

Mr. **Barbadoro**. Let me go back to your decision to leave in May, and let me ask you, at around the same time, did you have an appointment to meet with Vice President Bush?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. When did that meeting take place?

Mr. **Rodriguez**. The meeting actually took place on the 1st of May in 1986.

Mr. **Barbadoro**. Prior to the meeting, did you meet with Colonel North?

Mr. **Rodriguez**. It was after the meeting that I met with Colonel North.

Mr. **Barbadoro**. Who was at the meeting with Vice President Bush?

Mr. **Rodriguez**. Well, if you want me to go a little bit backwards, when I decided to leave, I communicated to my local friend in the area that I was trying to leave. I would not give him any reason. I just told him that I was tired, that I had been for over a year flying in there, and I had been separated from my family too long and I was going to leave for a while.

He asked me why, that he was concerned, and he believed I was very useful in the area and he wanted to know why I was leaving, and it didn't make much sense to him that I had taken the decision right after that trip.

I told him that I will return and I explained to him after I make my final decision, I requested that day to meet with the Ambassador of that place, which was a friend of mine, I want to make sure that everybody knows I did not discuss with him anything of the military aspect of this.

We were in a meeting before where humanitarian aid was considered and he was there and I was there. I didn't tell the Ambassador either of my principal motives for leaving. I just told him that I was planning to leave, that I was tired and I also feel bad about—I put it like begging for an airline ticket for my friends to be able to commute back and forth to Central America.

He told me that I was doing a magnificent job on the helicopter concept, he hated to see me leave. But anyway he took my address and telephone number. He would like to keep—as a friend—keep in touch.

Mr. BARBADORO. Let's then move ahead to May 1. I want to ask you again, didn't you meet with Colonel North before meeting with the Vice President?

Mr. RODRIGUEZ. Yes, sir. I made a point during that meeting to go a little earlier to the White House. I went to the third floor to Colonel North's office. I didn't give him any reason—basically the same reason I gave my other friend.

I told him, look, Colonel, I'm tired. I have been well over a year now down there, and I can arrange for anybody else to continue with this type of operation, but I'm leaving.

Mr. BARBADORO. What was Colonel North's reaction when you told him you were leaving?

Mr. RODRIGUEZ. He told me that it was very important to stay, that all soldiers get tired and to take 2 weeks' vacation if I wanted, but he didn't want me to leave.

And I told him I was still leaving or still planning to leave.

Mr. BARBADORO. What happened then?

Mr. RODRIGUEZ. Well, I left his office. I came downstairs to the office of Mr. Gregg and we jointly went to visit the Vice President. I had carried with me an album of my operations in Central American country where I was, which shows my helicopter operation. It shows even when I crashed in the helicopter and what we recovered and the whole sequence for that.

I briefed the Vice President.

Mr. BARBADORO. Who else was at the meeting besides you and Mr. Gregg?

Mr. RODRIGUEZ. It was Sam Watson and was also Nick Brady, Senator—I believe, who was on the Kissinger Commission, and the Vice President said he thought it was interesting to Mr. Brady to stay, since he was on the Kissinger Commission, interested in Central American affairs.

Mr. BARBADORO. How long did the meeting last?

Mr. RODRIGUEZ. It could have lasted anywhere between 15 minutes and 25 minutes, because it took a little time while I was showing him the album and I went by to explain to him why I started, the problem that I had with the operation in the area where I was, all the problem I went through to finally get the operation established, the successes we had, and I also explained to him the report that we had that the guerrillas in the area have reduced tremendously from the 11,000 to 12,000 when I was there to less than four thousand at that point in time.

Mr. **Barbadoro**. What operation are you referring to?

Mr. **Rodriguez**. The helicopter operation.

Mr. **Barbadoro**. So you told the Vice President about what you were doing in conjunction with the government of that Central American country in dealing with the insurgents; is that right?

Mr. **Rodriguez**. That's correct, sir.

Mr. **Barbadoro**. Then——

Mr. **Rodriguez**. And I showed him the album that had to do with my operation there.

I want to make clear that at no point in any of this conversation did I ever mention doing anything that was remotely connected to Nicaragua and the Contras.

Mr. **Barbadoro**. You anticipated my next question, Mr. Rodriguez.

Mr. **Rodriguez**. I knew you were coming to that.

Mr. **Barbadoro**. Let's be sure we are clear on that.

Did you say anything to Vice President Bush about your activities on behalf of this resupply operation?

Mr. **Rodriguez**. No, sir, not to him or anyone on his staff.

Mr. **Barbadoro**. Did you say anything to Vice President Bush about what Colonel North was doing in connection with the resupply effort?

Mr. **Rodriguez**. No, sir, not at all.

Mr. **Barbadoro**. Why didn't you discuss this with Vice President Bush?

Mr. **Rodriguez**. I didn't see a reason why to discuss it when I went to the area that I went was for something completely different. Now this has become a big issue. At the time it was just—it wasn't that important. I didn't feel that it was my duty to tell him—or anybody else, for that matter.

Mr. **Barbadoro**. Did you tell Vice President Bush of your decision to leave the Central American country?

Mr. **Rodriguez**. I was planning to, sir.

Mr. **Barbadoro**. What happened?

Mr. **Rodriguez**. Well, when we went into the meeting, I was showing him the picture from my helicopter concept. An aide came in and said that the Ambassador to the area where I was wanted to talk to him briefly. The Vice President, as I recall correctly, said he didn't have time, he had somebody else, another appointment, and his aide insisted that he would take only a few seconds.

So at that point I and the Vice President agreed, and the Ambassador to the country where I was came in with Colonel North. Colonel North stayed in the background and the Ambassador came in and shook hands with all of us.

He told the Vice President that I had done a magnificent job in his area and that he wanted that, as long as he was Ambassador there, I would stay. I am sure the Vice President didn't know what he was talking about, because I had not made my pitch that I was leaving yet.

Mr. **Barbadoro**. So at that point you decided to stay?

Mr. **Rodriguez**. It was kind of hard. I think everybody gets flattered—it's not every day an Ambassador goes there and asks the

Vice President for somebody to stay in the country. So, I think I made that decision.

Mr. **Barbadoro.** So, out of embarrassment about telling the Vice President you were going to leave, you decided to stay, and you returned to Central America.

Mr. **Rodriguez.** Right. I didn't mention anything from there on.

Mr. **Barbadoro.** Did you meet with the Vice President later again in May?

Mr. **Rodriguez.** Yes, we knew there was going to be a celebration that takes place in Miami, Cuban Independence Day on the 20th of May. So I did visit that place with local officer friend of mine, and we met with the Vice President very, very briefly. I was in a room with about 40 different people, and he came in and shook hands with us, and I asked him if he would take a picture with my friend's wife and with him, which he did gladly and he introduced us to his son, Jeff, and that was about the extent of it.

Mr. **Barbadoro.** Did you say anything at this meeting with the Vice President about what you were doing?

Mr. **Rodriguez.** No, sir.

Mr. **Barbadoro.** In connection with the resupply effort?

Mr. **Rodriguez.** Not at all.

Mr. **Barbadoro.** Have you ever had any other meetings with the Vice President?

Mr. **Rodriguez.** No, sir. That is all the meetings we ever had. If you can consider this a meeting. It was very, very short.

Mr. **Barbadoro.** Colonel Dutton has described a meeting which he and you attended in Colonel North's office in June 1986. Do you remember that meeting?

Mr. **Rodriguez.** Yes, sir.

Mr. **Barbadoro.** What was the purpose of that meeting?

Mr. **Rodriguez.** Well, when I was called over the telephone by Mr. Quintero, actually what I was told over the telephone that they were considering making me a manager for the area. I have no idea one way or the other. And they wanted me to go to talk to them in Washington.

And later on that day, Mr. Dutton called, he asked me if I could be in Washington by the 25th of June.

Mr. **Barbadoro.** And did you go to Washington on the 25th of June?

Mr. **Rodriguez.** Yes, sir. I flew into the Washington area on the 24th. I stayed at a hotel. He called me that night. Then he informed me later on that we were going to have a meeting at the White House at Colonel North's office at noontime.

Mr. **Barbadoro.** What happened at the meeting?

Mr. **Rodriguez.** Well, let me tell you when I get in I was thinking Mr. Rudman's 1 and 2 punch, and it was something a little bit similar here. Probably to—for me to solve my position with these people, first of all, we got into the gate of the White House and Mr. Dutton was cleared, and I was not. I don't know if it was purposely or not. At the same time I had requested on my own a meeting, not a meeting, but access to one of the secretaries in the Vice President's office to be able to pick up the photograph of my friend's wife with the Vice President, and she had been asking for it, and of course, they didn't know people like that—they asked me to come up and pick up the book that they had the picture of the two of them, so that the Vice President will sign it for them.

So I asked them, I called the office, and I understand the Vice President was out of the country, so was Don, and one of the secretaries there was going to take me at 1:30 to pick up this picture. So, we got in before time, we got in at 12:00, because I had this other meeting with the Colonel, and he wasn't in. So I called and finally, got myself cleared, and we finally got into the office of Colonel North, which is a different office at this time, two levels.

Mr. **Barbadoro.** When you got into the meeting with Colonel North and Mr. Dutton, did you discuss this proposed reorganization plan?

Mr. **Rodriguez.** He showed me the paper of the reorganization which had more blocks than people that we had. But it looks pretty impressive on paper.

Mr. **Barbadoro.** What was your role to be in this reorganized operation?

Mr. **Rodriguez.** I was the liaison between them and the host government.

Mr. **Barbadoro.** What was your reaction when you were shown the reorganization plan?

Mr. **Rodriguez.** I smiled. I just gave it back to him the papers.

Mr. **Barbadoro.** Did Colonel North also talk to you about a communications security problem at that meeting?

Mr. **Rodriguez.** Yes, sir. The Colonel started by saying that Bob here, referring to Mr. Dutton, wants you or his people down there say you have been very helpful with them, and they want you to be part of this organization.

But I am not sure, because you know, I have been told that you are a security risk. That you have been—you speak openly over the telephone, over a radio that you have. And I have to admit I was mad. I'll be very polite here, but my words to him were not that polite.

I told him that he thought I was a security risk, he could, a bit stronger word, keep his operation, and I will have nothing to do with it. He told me that I had to understand that it was a matter of record that I had been a security risk, and I say, well, prove it to me.

Show me any paper that says that I have compromised any operation in this process.

The Colonel told me that because of the Freedom of Information Act or whatever—I don't recall exactly what he said—he could not show it to me. I said, well, I will give you an authority on paper; I'll sign for you any paper you want so the CIA, the FBI, the NSC, would release any of my telephone conversations to you, or to the press or to the world, but prove to me I am a security risk.

He lowered his face, he took some notes and he didn't mention that again. Then he asked, he wanted me to accept that job, and receive compensation of $3,000 a month.

Mr. **Barbadoro.** Did you agree to work for $3,000 a month?

Mr. **Rodriguez.** No, sir, I told him that I have a retirement, that I would help him the same. He then asked me, well, you don't want to be part of the organization? I say it's not a matter of being a part of the organization or not. I have helped you all the way along, I didn't need that. He told me to—well, think about your family. It was kind of ironic, because in the year-and-a-half I have been flying down there, nobody ever worried about my family.

Mr. BARBADORO. Mr. Rodriguez, did you also complain to Colonel North about the condition of the aircraft that were being used in the resupply operation?

Mr. RODRIGUEZ. Yes, sir, I did.

Mr. BARBADORO. What did you tell him?

Mr. RODRIGUEZ. Well—explained to him the poor condition of the aircraft. I brought up with me a concern that was written by one of the pilots and it was right after one of their aircraft almost crashed. It had such poor equipment that it was about 10 miles off south where it was flying at nighttime and it hit the top of a mountain, destroyed the left jet engine and we took pieces of wood about this size from inside the engine and this crew wrote a letter of complaint to them the following day. I got hold of a copy and I brought it up with me. I gave it to the Colonel and the Colonel started reading this letter and he looked at Mr. Dutton, looked at me, and say this is a joke? I say, I don't believe it is a joke.

The people who wrote it almost got killed the day before they wrote it. He look at Dutton, and said do you know about this letter and Dutton say, yes, but he didn't think it was important to bring it to your attention.

So the Colonel said, you know, a letter like this if it goes to the press would do a lot of harm. He say, well, Mr. Dutton answered, don't worry about it. He is now our chief maintenance officer for the whole program and we have increased his salary tremendously starting next month.

Mr. BARBADORO. Mr. Rodriguez, take a look at exhibit FIR-4. Is that the letter that you showed to Colonel North?

Mr. RODRIGUEZ. Yes, sir, that is the letter.

Mr. BARBADORO. Who wrote that letter?

Mr. RODRIGUEZ. Mr. Piowaty.

Mr. BARBADORO. Who is he?

Mr. RODRIGUEZ. He is one of the pilots that was in the operation. A retired colonel, if I recall, lieutenant colonel.

Mr. BARBADORO. What was wrong with these aircraft?

Mr. RODRIGUEZ. They were very old, the communication equipment were very old. The radars were very old and—well, you have all that in the letter explaining all the anomalies and all the problems that they had. You can read some of it, if you wish, what his complaint was.

Mr. BARBADORO. Well, did the planes have inadequate radar?

Mr. RODRIGUEZ. According to all that he wrote here it didn't have anything adequate.

Mr. BARBADORO. To your knowledge, did the planes have any equipment to detect radar?

Mr. RODRIGUEZ. Well, I—when I came back, I brought back—this was a small radar detector, I would imagine it was to detect the radar system inside Nicaragua. It couldn't have been that expensive because it was a Fox-XX made by Radio Shack.

Mr. BARBADORO. It was a radar detector used for cars; is that right?

Mr. RODRIGUEZ. In this case it was being used by airplanes.

Mr. **Barbadoro**. And they were using a radar detector for cars to detect radar in the airplanes?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. Were there other problems with the aircraft?

Mr. **Rodriguez**. Ask me if anything was right with it, and I might be able to answer.

Mr. **Barbadoro**. Well, is it fair to say that the aircraft were frequently broken down?

Mr. **Rodriguez**. They were frequently flying—not too much. Most of the time they were broken down, sir.

Mr. **Barbadoro**. They were broken down more often than they were working, isn't that right?

Mr. **Rodriguez**. Yes, sir. They were very old, and they were hard to maintain.

Mr. **Barbadoro**. And in your opinion did these aircraft, because of their poor condition pose a safety risk for the people flying them?

Mr. **Rodriguez**. Absolutely, sir.

Mr. **Barbadoro**. And, in fact, one of the aircraft hit the top of a mountain, and that is what prompted this letter to be written, isn't that right?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. What was Colonel North's reaction when you showed him this letter?

Mr. **Rodriguez**. Well, I just explained to you the reaction that he took, he looked at Dutton——

Mr. **Barbadoro**. Could you repeat it, please?

Mr. **Rodriguez**. He looked at Mr. Dutton and say—well, first of all, he look at me and say is this a joke? I say, no, I don't think it is a joke, the people who wrote it almost got killed the day before. He looked to Mr. Dutton and said do you know about this?

And Dutton said, yes, but I didn't think it was important to bring it to your attention. So he said the situation like this if the press got a hold of it, it would bring a lot of problems. So Mr. Dutton answered, you don't have to worry about it, he is now our chief maintenance pilot and his salary has been increased starting next month.

Mr. **Barbadoro**. So Mr. Dutton's reaction was to promote the person complaining rather than to improve the aircraft?

Mr. **Rodriguez**. Well, apparently he had taken that decision before. This is the way it sounded to me.

Mr. **Barbadoro**. After discussing the condition of the aircraft with Mr. Dutton present, did you ask to speak to Colonel North alone?

Mr. **Rodriguez**. Yes, sir, I did.

Mr. **Barbadoro**. What did you say to Colonel North when you spoke to him alone?

Mr. **Rodriguez**. I was very concerned with the whole thing, and I asked if I could talk to him briefly alone, and I looked straight at him and said, Colonel—it is pretty hard for me to go over this here——

Mr. **Barbadoro**. I would like you to repeat what you told him, please.

Mr. **Rodriguez**. I said, Colonel, I have learned that people are stealing here, you have to understand that there are hand grenades bought at $9 apiece—bought at $3 apiece and sold at $9 apiece, and if this is known and the people which are involved, connected to the Wilson case before is going to be worse than Watergate, and this could destroy the President of the United States.

He told me that that was not the case, that Mr. Clines was a patriot, that Mr. Clines was not buying any equipment from anybody, that he was just helping him in the transportation of equipment.

So, at that point I told him I was going to leave to go down to pick up some pictures and I left the room.

Mr. **Barbadoro**. Was that your last meeting with Colonel North?

Mr. **Rodriguez**. Yes, sir.

Mr. **Barbadoro**. At some point before the end of the meeting, Colonel North also made a reference to Congress, did he not?

Mr. **Rodriguez**. Yes, sir. That was the day, if I recall, when you all had the voting on the aid to the Contras. I learned from listening to all the testimony here, he's the kind who goes to the dramatic side. So he was looking at the TV where the hearings were taking place—or the voting was taking place——

Mr. **Barbadoro**. A congressional debate was going on and it was being shown on TV; right?

Mr. **Rodriguez**. Yes. He looked at the TV and said, "those people want me but they cannot touch me because the old man love my ass." I'm sorry but you told me to say it that way.

Mr. **Barbadoro**. Mr. Rodriguez, after you left that meeting with Colonel North, you went to the Vice President's office, correct?

Mr. **Rodriguez**. Yes, sir. I went on my own, not escorted by——

Mr. **Barbadoro**. You didn't go with Colonel Dutton?

Mr. **Rodriguez**. No, sir.

Mr. **Barbadoro**. And you picked up the picture at the Vice President's office?

Mr. **Rodriguez**. Well, when I came into the Vice President's office, I knew that Mr. Gregg and the Vice President were out of town—I believe they were out of the country at the time—and I ran into Mr. Watson so I got together with him in Don's office and we started discussing some problem that we had in getting helicopters approved for 1985 for the area where I was, and the spare parts we badly needed for those helicopters.

So we spent some time talking about that. When Colonel North came in with Mr. Dutton we stopped the conversation and Mr. Dutton waited outside the room. And then very short after that I went with somebody who came to the other room to pick up the pictures and show her the picture I needed for my friend down there and his wife. And then we left together.

Mr. **Barbadoro**. Did you tell Mr. Watson anything about what you were doing with the resupply effort or your dissatisfaction with the resupply effort?

Mr. **Rodriguez**. No, sir. We were discussing the helicopter program.

Mr. **Barbadoro**. After that meeting did you return to Central America?

Mr. **Rodriguez**. Yes, I did.

Mr. BARBADORO. Mr. Rodriguez, at some point in late July or early August 1986, you were accused by Mr. Quintero of stealing one of the resupply aircraft.

Could you describe that incident for us?

Mr. RODRIGUEZ. Well, sir, I was in my place in Central America when a general friend of mine from another South American country, way out, far from Central America, was visiting us in Miami, and I saw the opportunity to visit with him in my house. And there was a friend of mine who was flying a private plane back to Miami that day. And I was told that one of the C-123 was just about ready to be finished, the repairs that they were conducting on the aircraft, and should be returning back to the area in Central America.

So I decided it would be a good ride to go in with my friend and return on that aircraft and it didn't cost me anything. Spend a few days with my friend. So on the weekend I expressed to Mr. Quintero that I was planning to take this aircraft and go back when he was ready, that the aircraft was loaded with spare parts that we badly needed for the other aircraft down there.

He told me that we should hold on it because he was waiting for some medicine. It was mountain leprosy that was badly needed in that area. My understanding was that what we were waiting for was a big box of medicine. I thought it was uneconomical to keep a C-123 for a box of medicine. It could be sent commercially.

When I explained that to him, he told me, no, it was a half planeful of medicine that was needed down there. So I consulted with Mr. Jim Stevenson from Southern Air, explained what I had been told, asking if he would consult with Mr. Langton because I think it needed to go back there. We had a whole bunch, also, of IV's that were donated, at no cost to anybody, that I got from a friend of mine for the Nicaraguan Freedom Fighters, and he was already loading the plane with about 1,500 pounds worth of IV's. I was afraid they stay longer in the heat, they will go bad.

So he shared with Mr. Langton, he said they had enough material in there to fill a C-130, and that if load of medicine would arrive, they could always charter a C-130 from Southern Air and it would be considerably more cheaper than to fly the 123 back and forth. So then I said, OK, then we'll go on, I believe it was a Monday. So we boarded that aircraft the way it was and we flew to the Central American country, and it takes 7 hours to get there in that thing.

Mr. BARBADORO. When you got to Central America, did you get a call from Rafael Quintero?

Mr. RODRIGUEZ. Well, first of all, it was a joke. A friend of mine was waiting for me and he looked at me and say, Max, guess what? I say, what? He say, you have stolen aircraft. I say, you are kidding. We thought that either hijacked or a stolen aircraft. So we joked about it, and he said that he got instructions from Mr. Quintero or higher— not from him—to refuel the aircraft and send it back just the way it was to Miami, with all the spare parts and everything aboard.

So, I went to—I thought it was ridiculous because whatever was on that aircraft was strictly spare parts for the planes that were badly needed to put everything in shape to continue the operation down there. So, I told them to go ahead and unload the aircraft on my responsibility.

Mr. **Barbadoro**. And then did you get a call from Mr. Quintero?

Mr. **Rodriguez**. We went to his house for dinner that evening, and Mr. Quintero called and he asked my friend, did the plane arrive? He was ready to return. He was told no, it was unloaded. OK, who did it? He said, well, Max. He said, all right, can I talk to him?

So I got on the telephone, and he told me, in Spanish, say, well, are you with me or against me? So I told him, I say, Rafael, I don't think this is a situation of being for or against anybody. I think this is equipment which is needed here for spare parts for these aircraft, unless this operation was finished or terminated.

And he told me, that is precisely what happened. We have terminated the operation and should be back in your area in the next 3 days to close down all the houses, and tell the pilots on behalf of their principal that if they do fly on those aircraft, it would be under their responsibility, that there would be no salaries for them, that there would be no compensation, no security, there would be no money for the houses, and there would be no fuel account, no money for the fuel. This thing is finished.

Mr. **Barbadoro**. What did you do after being told that the operation was being closed down?

Mr. **Rodriguez**. I was very concerned, sir, because even though the aid had already been approved by Congress, I know it would take a while before they could take over the support of these people inside Nicaragua, and I felt very strongly about it. I was abandoned while I was inside my country, and I felt it would be a disaster if these people were abandoned at this time like that.

So, I went to Mr. Hughes, a friend of mine, and ask him if he could get for me a crew that would fly for free, that I knew him and how he felt about the operation, and he told me that he would check. He came back to me and said that he would fly for free, that Mr. Cooney, one of the other pilots will do it, and also Buz Sawyer, which I have a great respect for him, and he die in the C-123 over Nicaragua.

Mr. **Barbadoro**. So, the pilots agreed to fly for free, correct?

Mr. **Rodriguez**. Those three pilots agreed. There was a crew for a C-7 to continue to fly. So all we needed was the fuel, so I went to see a local friend of mine. I explain to him the situation that we had, and my strong feeling that these people could not be abandoned, and he felt the same way, it was to the best interest to his country as to ours that the Nicaraguan Freedom Fighters will prevail.

So Mr. Hughes told me that he felt very strongly that if I talked to the rest of the crew, that they were not mercenaries, that they were people that needed money to live on but that they would most probably continue to fly for free for what they believe.

So I asked them to set up a meeting with all of them in house C, that we call, and we gather up the members—the American members of the crew in that house.

Mr. **Barbadoro**. Around the same time, you received a call from Don Gregg, correct?

Mr. **Rodriguez**. I think it was probably after I had that meeting in the house.

Mr. **Barbadoro**. Within a day or two after the meeting, though?

Mr. **Rodriguez**. Right.

Mr. **Barbadoro**. And in that call, Don Gregg said to you that he had heard from Ollie North that there was a problem with the aircraft, isn't that right?

Mr. **Rodriguez**. Yes. The way he sounded to me, I didn't know—I believe that he didn't know exactly what the situation was. He called me and said, Felix, do you have any idea of a plane that has been stolen, and a pending suit.

Of course, I already have heard from a local in the area that I was that somebody was putting a suit for half a million dollars on behalf of the owners of the aircraft—it was supposed to be a Panamanian company—for stealing the aircraft, and he was, I guess, using Don and his influence and my friendship to get him to use me to release the aircraft.

Mr. **Barbadoro**. Colonel North was using your friendship with Don Gregg to get him to get you to release the aircraft; is that right?

Mr. **Rodriguez**. Yes.

Mr. **Barbadoro**. And you told Don Gregg in that conversation that you wanted to come up and see him in Washington?

Mr. **Rodriguez**. No. I told him first, OK, Don. Then I sat and thought about it, and I say, well, I didn't want to talk to him about this operation. I never did before. But I thought he was legal now that the Congress had approved the aid to the Nicaraguan Freedom Fighters at that time, and I decided then that it was time for me to go and talk to him and explain what had been going on, especially since the agency was in the process of taking over this operation.

Mr. **Barbadoro**. And that meeting with Mr. Gregg occurred in Washington on August 8th, didn't it?

Mr. **Rodriguez**. That's correct, sir.

Mr. **Barbadoro**. Who else was at that meeting?

Mr. **Rodriguez**. At that meeting I believe, if he didn't arrive, he was not there but arrived a little later, Mr. Watson, Colonel Watson.

Mr. **Barbadoro**. And in that meeting, you told Don Gregg that Ollie North was connected with the—what you referred to as the Wilson group in running this resupply operation, didn't you?

Mr. **Rodriguez**. Yes, sir. At that meeting, I think I started by telling Don—Don, I am sorry, I thought I never had to come to you with this, but I think it is about time that I put it up to you what is going on right now. And I went on to explain to him my concern about the situation, and my concern of what might happen if they continued with the operation.

Mr. **Barbadoro**. Exactly what did you tell him?

Mr. **Rodriguez**. Well, I told him that I was very disturbed with the situation that had arose down there. I explained to him at that time that there had been an operation to support the Nicaraguan Freedom Fighters from where I was. I don't recall in detail if I gave him whether I was involved or not. I am sure that I knew about it, and I explained to him that I had a report from somebody that Tom Clines had been involved in purchasing equipment for them and explained to him the incident of the hand grenades that I was told and also another incident that I learned that for example, Mr.

Gadd was using a couple of people in the wrong way in the country south—I don't know how you refer—what number you refer to—and that their salary was a hundred dollars a day for one and $150 for the other one.

I was told that Mr. Dutton had found out that he was actually charging $400 a day for one and $450 a day for the other one. He was making $600 a day on those people in a period of 6 months that would amount to a hundred thousand dollars. You can do quite a bit with a hundred thousand dollars in support of these people.

Mr. **Barbadoro.** Did you tell him that Richard Secord was involved in the operation?

Mr. **Rodriguez.** Yes, sir.

Mr. **Barbadoro.** Did you tell him Tom Clines was involved in the operation?

Mr. **Rodriguez.** Yes, sir. I was concerned that even if they had done nothing wrong in this, the reputation they had, the Peter Maas book and everything, it would be a disaster if it was known by everybody, and the press.

Mr. **Barbadoro.** It would be a disaster because Ollie North was involved with this group; isn't that right?

Mr. **Rodriguez.** Right. Ollie North represented the administration and these people were involved in this sort of deal before.

Mr. **Barbadoro.** What was Don Gregg's reaction when you told him that this group of people was involved with Ollie North in this resupply operation?

Mr. **Rodriguez.** He was pretty surprised. He was pretty mad, if I recall, and—even though I told him I didn't want to make a big wave on it, but he merely got on the telephone and he called upstairs to Colonel North's office, and he was not there, so he spoke to Earl and asked him—told him that he had heard an outrageous report from my friend Felix—the way he put it— and he wanted him to come down to listen for himself and if he had known that people like Tom Clines were being used, it was outrageous. He knew who he was and give some expletive about it. Not very nice.

Mr. **Barbadoro.** Was the matter resolved at this meeting?

Mr. **Rodriguez.** Well, sir, I left after that. I went back to my country in Central America, and he thanked me for telling him. He was not aware—and I think he saw also the same potential problem that I did.

I subsequently learned that he took this matter up with a group of people, including the State Department agency and raised my concern to them.

Mr. **Barbadoro.** Was the matter eventually worked out with the owners of the aircraft so that the resupply operation resumed?

Mr. **Rodriguez.** I think the resumption of the aircraft really didn't have much to do with this, as I will explain. My understanding was at that point. That they were ready to close the operation down there. I went to see my friend and asked him—down there where I was—if he could provide fuel to continue the operation for these people.

Going back to the meeting, that I didn't finish, we got together all the members of the crew in House C, like we called it, and I explained to him exactly what I had been told by Mr. Quintero. I am sure he was acting on behalf of General Secord, I would imagine, and what I was told was that the operation was terminated, that they had the blessing of nobody from there on, that if they touched any of those aircraft, it was on their own, there would be no salaries involved for them, there would be no compensation and no fuel account.

I explained to them that I had lost my country to communism, that I did not believe that they were mercenaries, a lot of them had to receive money to live on, but I was pretty sure they would do it because they believed in the cause. And all of them agreed to continue the operation with no pay.

Mr. **Barbadoro.** In any event, you did reach an agreement with the owners of the aircraft to resume the resupply missions?

Mr. **Rodriguez.** I did not. I didn't actually make an agreement.

Mr. **Barbadoro.** Did the resupply operations resume?

Mr. **Rodriguez.** What I understand afterwards, when they probably heard that they had not much of a control to pull those assets out of where they was, I understand they sent a cable down saying here at this place—they sent a cable down saying—reconsidered, they have talked to the owners of the aircraft and explained to them that there was more requirements than expected, and they had agreed to continue the operation but make it very clear that those aircraft did not belong to the Nicaraguan Freedom Fighters, that it was a private proprietor who owned them. And as soon as he was—the operation was finished, the aircraft would be taken away by them.

Mr. **Barbadoro.** At that point did the resupply missions resume?

Mr. **Rodriguez.** Yes, sir.

Mr. **Barbadoro.** The missions were different in one respect, though, weren't they, that is that for every mission after that point an FDN soldier was placed on the aircraft with an AK-47 to make sure the aircraft weren't stolen; is that right?

Mr. **Rodriguez.** Yes, sir. We put an air guard, if you want to call it that—it was a young Nicaraguan person—a 17-year-old, to make sure that those planes were not taken from the route. He was one of the guards who died in that crash.

Mr. **Barbadoro.** Where were you when the Hasenfus crash occurred?

Mr. **Rodriguez.** I was in Miami, sir.

Mr. **Barbadoro.** How did you get notice of the crash?

Mr. **Rodriguez.** I got a call from my friend in Central America. He told me that the aircraft was overdue in time in returning to the base. I asked him to check all possibilities where he could have landed in neighboring countries. None gave any positive result. We knew exactly how much fuel he had, so we had to assume he was down somewhere. So, I asked him if he could try to arrange a search, but it was most likely that he was probably in enemy territory.

Mr. **Barbadoro.** Did you let anybody in the U.S. Government know that the plane was missing?

Mr. **Rodriguez.** Yes, sir. I believed this was the beginning of a big problem. And I was not really at that time on talking terms with the Colonel, so I decided to call Colonel Watson at I guess it was his home, and I told him that one aircraft was missing that was being worked in our area down there and then the following day after I got confirmation by the Cuban radio that it was down, they had a prisoner, I also called him and told him about it.

Mr. BARBADORO. After notifying Colonel Watson of the fact that the airplane was missing, did you have any further involvement with the resupply operation after that?

Mr. RODRIGUEZ. No, sir.

Mr. BARBADORO. Mr. Chairman, that completes my questions.

Chairman HAMILTON. Mr. Ballen.

Mr. BALLEN. Thank you, Mr. Chairman.

Good afternoon, Mr. Rodriguez.

Mr. RODRIGUES Good afternoon, sir.

Mr. BALLEN. Mr. Rodriguez, I just have a few questions about the facts behind some of your concerns in terms of the people running this resupply operation. I believe you testified that you had heard about the price of grenades being charged three times—the charge should have been $3, and they were charging $9; is that correct, sir?

Mr. RODRIGUEZ. Yes, sir.

Mr. BALLEN. And that they were selling those to the FDN at the inflated price of $9 rather than the true price of $3?

Mr. RODRIGUEZ. I have the understanding, sir, that—you could ask him—that Mr. Calero have seen the original list that was taken from that boat that shows they were bought at $3 apiece or $3.50 apiece and that he got paid $9.50.

Mr. BALLEN. When was this sale of these grenades——

Mr. RODRIGUEZ. I have no idea. It could have been 1984 for all that matters because I had no idea. I just knew the fact that this boat arrived in this neighboring country with this cargo, and I have no recollection or anything when it happened.

Mr. BALLEN. Your testimony is it could have been in 1984——

Mr. RODRIGUEZ. It could have be any—1984, 1985, and 1986.

Mr. BALLEN. Do you know whether these grenades were the same grenades that were being stored at the warehouse in the country where you——

Mr. RODRIGUEZ. I have no idea, sir. I never saw them because they were in a different country.

Mr. BALLEN. My other question on the grenades, was this to your own personal knowledge that you knew about the price of the grenades, or was this what someone told you?

Mr. RODRIGUEZ. It was somebody who told me that had picked up the manifest on behalf of the neighboring country government. He knew apparently the prices that Mr. Calero was paying for it.

Mr. BALLEN. If I were to tell you that Mr. Calero testified that he stopped purchasing arms over the summer of 1985, would that help you place the date of when this grenade shipment could have been made?

Mr. RODRIGUEZ. It could have been before, because I really was never told when that took place.

Mr. BALLEN. This is not something you are testifying to your own personal knowledge, this is just something you heard from another person?

Mr. RODRIGUEZ. Absolutely.

Mr. **Ballen**. Now my other question that I wanted to ask you concerned your other concern about the resupply operation and how it was being conducted, and I just want to inquire into your basis for that.

Chairman **Hamilton**. If I may interrupt you for just a moment, I am informed that the Senate has a vote, and so the Senators will be leaving very shortly. I will indicate what the schedule is for tomorrow and for the balance of the afternoon.

We would like to complete the questioning by counsel this afternoon. I understand Mr. Ballen has only a few questions, and Mr. Leon has a few also. At the end of that, we will complete this day's session.

Tomorrow we will begin with the questioning of Mr. Rodriguez by the principal questioners, Senators Mitchell and Trible and Representatives McCollum and Jenkins, and of course, other members will have an opportunity to ask questions if they like under the 5-minute rule. Then we will go to an executive session, not in this room, and, of course, the public and media will not be permitted, for examination of another witness.

In the afternoon, we will have Ambassador Tambs at 2:00 o'clock. So that is roughly what is ahead of us here for the next day or so. The morning session will begin at 9:30.

Mr. Ballen, you may proceed.

Mr. **Ballen**. Thank you very much, Mr. Chairman.

Mr. Rodriguez, I just wanted to inquire briefly into your other area of concern in terms of overcharging and try to establish the basis of your knowledge on that. You had heard that the people working in another southern neighboring country were being paid a salary of about $100, $150 a day. In fact, Mr. Gadd was charging more for those people?

Mr. **Rodriguez**. That is what I heard.

Mr. **Ballen**. Did you know that to your own knowledge?

Mr. **Rodriguez**. No, sir.

Mr. **Ballen**. Let me ask you this. You have also testified, if I understand your testimony correctly, that you learned of that fact after it had been corrected by Mr. Dutton, after those charges were no longer being incurred?

Mr. **Rodriguez**. The correction was that he fired the two individuals that were hired down there because they were making too much money.

Mr. **Ballen**. Very good, sir. Did you have any other—apart from the grenades that you mentioned, and this one instance with the salaries of the individuals, did you have any other firsthand information of overcharging or price gouging in the resupply operation?

Mr. **Rodriguez**. No, sir, and I want to clarify, for example, that when he was told that all the pieces were tested down there, the only piece that was tested was the 81 millimeter round because the boxes said that they were made in 1954. That was the only item that was tested, and the A-21 submachines were tested not because it looks old, but because they didn't know—the people from the FDN didn't know whether the belt ammunition was the proper one or not for it. And it did fire fine. Those were the only two items that were tested.

Mr. **Ballen**. Just to clarify one other point in your testimony, and then I have no further questions, Mr. Rodriguez, there came a time you testified as to the problems that you were aware of with the aircraft. Of course, your primary responsibility was your helicopter operation that you were conducting.

Mr. **Rodriguez**. Yes, sir.

Mr. **Ballen**. In terms of the aircraft, I believe your testimony is correct—and I don't want to misstate it—but there came a time when the aircraft were operational and fixed, and that was around September when the missions increased?

Mr. **Rodriguez**. Yes, sir.

Mr. **Ballen**. Thank you very much, Mr. Rodriguez.

Chairman **Hamilton**. Mr. Leon.

Mr. **Leon**. Thank you, Mr. Chairman.

Good afternoon, Mr. Rodriguez.

Mr. **Rodriguez**. Good afternoon sir.

Mr. **Leon**. I, too, only have a few questions, and I would like to focus them on two areas of your testimony today. The first is that meeting that you have just told us about with Donald Gregg on August 8. Just a couple of questions in that regard.

First of all, prior to that meeting with Donald Gregg, you had not conducted any investigation yourself as to those areas you were concerned about, had you?

Mr. **Rodriguez**. About?

Mr. **Leon**. Any investigation into any of the problem areas that you were bringing to his attention?

Mr. **Rodriguez**. No, sir.

Mr. **Leon**. For example, with respect to Mr. Wilson, you had heard and there has been some reference in the direct examination to Mr. Wilson and his involvement with Ollie North. Did you have any personal knowledge of Ollie North ever meeting with Mr. Wilson at any time?

Mr. **Rodriguez**. No, I don't think that Colonel North ever met with Mr. Wilson. It was just the other people that were involved with him that had a relationship with Mr. Wilson in the past.

Mr. **Leon**. So Wilson, as far as you know, was never involved in any way, shape or form with the resupply effort.

Mr. **Rodriguez**. Not at all.

Mr. **Leon**. With regard to Mr. Clines, as to your knowledge of Mr. Clines' involvement, did you have any personal dealings with Mr. Clines?

Mr. **Rodriguez**. No.

Mr. **Leon**. As to this resupply effort?

Mr. **Rodriguez**. No, sir.

Mr. **Leon**. Now——

Mr. **Rodriguez**. Having seen him during that time, I just heard of what I told the committee here.

Mr. **Leon**. With regard to that meeting again with Donald Gregg on August 8, did you present him on that occasion with any evidence in any tangible way, shape or form?

Mr. **Rodriguez**. No, sir.

Mr. **Leon**. Did you present him a copy of that letter that you had previously shown Mr. North, the Piowaty letter, I believe you referred to it, exhibit 8?

Mr. RODRIGUEZ. I don't recall if I did or I didn't.

Mr. LEON. Did you ask him to conduct an investigation?

Mr. RODRIGUEZ. No, sir, I did not.

Mr. LEON. Did you ask him to do anything?

Mr. RODRIGUEZ. No, sir. I just hoped that this period will go by, pass, and have the agency take over and it would be better for everybody.

Mr. LEON. Did you point out to him, Mr. Rodriguez, that Ollie North the September before had recruited you to assist him in this effort?

Mr. RODRIGUEZ. Did I tell him?

Mr. LEON. Did you tell Mr. Gregg on that occasion, on August 8?

Mr. RODRIGUEZ. I don't believe so, sir.

Mr. LEON. Why didn't you tell him that Ollie North had recruited you and you had been working with Colonel North?

Mr. RODRIGUEZ. I didn't see any reason why to tell him. I really didn't.

Mr. LEON. He didn't ask you, did he?

Mr. RODRIGUEZ. No.

Mr. LEON. Now, turning to that June 25 meeting that you had with Mr. Dutton and with Mr. North, at the end of the meeting you testified that you pulled Colonel North aside, and you had a little discussion with him alone; isn't that right?

Mr. RODRIGUEZ. That's right.

Mr. LEON. And that lasted only a matter of minutes, didn't it?

Mr. RODRIGUEZ. Yes.

Mr. LEON. And it was during that conversation with him that you for the first time, I believe your testimony is, brought to his attention some of your concerns——

Mr. RODRIGUEZ. That's correct.

Mr. LEON. —About the situation down there?

Mr. RODRIGUEZ. That's correct.

Mr. LEON. Even though you had had many opportunities on prior occasions to bring it to his attention?

Mr. RODRIGUEZ. Yes, that's correct.

Mr. LEON. OK. Now, I also believe you testified that his response was to say that your concerns about Mr. Clines weren't proper, because as far as he knew, Mr. Clines was a patriot and was not acting improperly, is that about right?

Mr. RODRIGUEZ. That is what he said, sir.

Mr. LEON. So, too, with General Secord, did he come up in that conversation?

Mr. RODRIGUEZ. No, I don't think so.

Mr. LEON. And your reaction to hearing that was to leave right on the spot, was it not?

Mr. RODRIGUEZ. Yes, sir.

Mr. LEON. Was it your impression, upon hearing Colonel North say that, that Colonel North had been duped or blinded by General Secord or any of the other people in that organization?

Mr. RODRIGUEZ. Could be, sir, I would not have any comment on that.

Mr. LEON. You didn't think——

Mr. RODRIGUEZ. It would be improper for me to try to speculate. I think that will have to come out other ways.

Mr. LEON. Did you think he was collaborating with them in any way to try to hurt the Contra cause or to harm the movement down there?

Mr. RODRIGUEZ. I just don't have any—I would rather not express a view on that. I really don't know.

Mr. LEON. You were concerned with regard to the best interests of the Contras, were you not?

Mr. RODRIGUEZ. Yes, sir.

Mr. LEON. And there was nothing that indicated to you that Colonel North was not interested in the best interests of the Contras, was there?

Mr. RODRIGUEZ. Can you repeat that again?

Mr. LEON. There wasn't anything that Colonel North said or did, was there, that gave you the impression that he, too, was not interested in the best interests of the Contras?

Mr. RODRIGUEZ. I didn't quite get your question.

Mr. LEON. Was it your impression that Colonel North, like you, was interested in the Contras' best interests?

Mr. RODRIGUEZ. There was no question about that, the way he was supporting in the past, that he was interested in helping them.

Mr. LEON. No further questions, Mr. Chairman.

Chairman HAMILTON. Without objection, the exhibits marked RCD-1 through RCD-18 and FIR-1 through FIR-5 will be made a part of the record.

Chairman HAMILTON. The committees will stand in recess until 9:30 a.m. tomorrow morning in room 2172.

[Whereupon, at 5:26 p.m., the Select Committees recessed, to reconvene at 9:30 a.m., Thursday, May 28, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Felix I. Rodriguez and Testimony of Lewis A. Tambs

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THURSDAY, MAY 28, 1987

HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
AND
SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION,
Washington, DC.

The Select Committees met, pursuant to call, at 9:30 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

CONTINUED TESTIMONY OF FELIX I. RODRIGUEZ, FROM MAY 27

Chairman HAMILTON. The joint hearings of the two Select Committees will come to order.

We begin this morning with continuation of questions to Mr. Rodriguez.

Mr. Rodriguez, you understand that you remain under oath, do you not?

Mr. RODRIGUEZ. I do, sir.

Chairman HAMILTON. We begin with Senator Mitchell.

You may proceed.

Mr. MITCHELL. Good morning, Mr. Rodriguez.

Mr. RODRIGUEZ. Good morning, sir.

Mr. MITCHELL. Mr. Rodriguez, you testified yesterday that on August 8, 1986, you came to Washington and met with Don Gregg, the National Security Adviser to the Vice President, to tell him about your concerns about the Nicaragua resupply operation.

Do you recall that testimony?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. And you told him largely those things which you told us yesterday; is that correct, about your concerns?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. During the time you were meeting with Mr. Gregg, he was taking notes, was he not?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. Now, I direct your attention to exhibit FIR-5 in your book there.

Mr. **Rodriguez.** I have got it, sir.

Mr. **Mitchell.** Do you have that before you? That is three pages of handwritten notes, the stationery has printed at the top "Office of the Vice President, Washington, D.C.," and handwritten just above that on the first page are the words "Felix, 8 August 1986."

Is that correct?

Mr. **Rodriguez.** That is correct, sir. I mentioned it to him.

Mr. **Mitchell.** Have you had an opportunity to see these notes before today, Mr. Rodriguez?

Mr. **Rodriguez.** Not before today, sir. No.

Mr. **Mitchell.** Not before today?

Mr. **Rodriguez.** They were showed yesterday by the committee. But not before that.

Mr. **Mitchell.** All right.

And do you recognize these as notes that Mr. Gregg was taking as you were talking to him on August 8, 1986?

Mr. **Rodriguez.** He was taking notes, sir. But I do not recognize whether it was these.

Mr. **Mitchell.** The first couple of sentences after the notation "Felix, 8 August 1986" at the top, the first couple of sentences says, "Using Ed Wilson's group for supplies. Felix used by Ollie to get Contra plane repaired at" and then the location is deleted.

You said that to Mr. Gregg just as you said it to us here yesterday; isn't that correct?

Mr. **Rodriguez.** Yes, sir. In the whole context.

Mr. **Mitchell.** Later on it says "handgrenades bought for $3.00, sold for $9.00."

You said that to Mr. Gregg?

Mr. **Rodriguez.** Yes, sir. I mentioned it to him.

Mr. **Mitchell.** Just as you said that yesterday?

Later on it goes on to talk about Mr. Gadd engaged in a ripoff. You described that yesterday. You told that to Mr. Gregg, did you not?

Mr. **Rodriguez.** Yes, sir.

Mr. **Mitchell.** Now, it also says in here, in about the sixth sentence, "a swap of weapons for dollars was arranged to get aid for the Contras."

You did not say that to us here yesterday and my first question is, did you say that to Mr. Gregg?

Mr. **Rodriguez.** No, sir.

I don't think it is very clear the way it is written here. A group of maker for dollars. It is very unclear in the handwriting either. But I never said that, sir.

Mr. **Mitchell.** Actually, the words are "a swap of weapons for"—and there is a dollar sign—"was arranged to get aid for Contras."

Well, is there anything else in this memorandum, in these notes that Mr. Gregg was taking while you were talking that you did not say?

Mr. **Rodriguez.** No, sir. There is nothing there different. But that part I don't recall at all.

Mr. **Mitchell.** Let me see if I understand this now. You were meeting with Mr. Gregg in his office. You were telling him about your concerns with the Nicaraguan resupply operation.

Mr. RODRIGUEZ. Right.

Mr. MITCHELL. He was taking notes.

Mr. RODRIGUEZ. Right.

Mr. MITCHELL. These three pages of notes are his notes of that conversation and it is your testimony that every other sentence in these notes reflects what you said to him except for this one sentence that is in the middle?

Mr. RODRIGUEZ. That is correct. You can say that.

Mr. MITCHELL. So all of the sentences that he wrote before that one sentence accurately reflect what you said, and all of the sentences that he wrote after that one sentence accurately reflect what you said, but that one sentence regarding a swap of weapons for dollars arranged to get aid for the Contras you did not say?

Mr. RODRIGUEZ. No, sir.

Mr. MITCHELL. Do you have any explanation for how that could have appeared in his notes under these circumstances?

Mr. RODRIGUEZ. No, sir.

Mr. MITCHELL. Apart from what you said to Mr. Gregg, were you aware at that time of any swap of weapons for dollars to get aid to the Contras?

Mr. RODRIGUEZ. No, sir. We didn't know exactly where it was coming from, had any idea. As a matter of fact, we thought we were very short in funds the way it was arriving down there.

Mr. MITCHELL. When did you first learn about a swap of weapons for dollars to get aid to the Contras?

Mr. RODRIGUEZ. Through the press, sir. When it came out in the press.

Mr. MITCHELL. Through the press? You had no knowledge of it?

Mr. RODRIGUEZ. No, sir. None whatsoever.

Mr. MITCHELL. Would you agree, Mr. Rodriguez, that it is somewhat puzzling that a sequence of handwritten notes taken by someone with whom you were meeting and which in every other detail accurately reflects what you said should have in the middle of it one sentence which you now say you did not say at that time?

Mr. RODRIGUEZ. I don't know exactly when he wrote, what he meant. I think he could answer better than I. It would have no reason to puzzle me at all, because I have a lot of respect for Mr. Gregg.

Mr. MITCHELL. Yes, indeed. You would—you respect him and you know him to be a truthful man?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. Don't you? He would not write something in these notes if it had not been said, wouldn't you think?

Mr. RODRIGUEZ. Apparently he was thinking of something that happened. I cannot answer that. He would have to answer that for himself.

Mr. MITCHELL. You think he may have been thinking of something else?

Mr. RODRIGUEZ. I have no idea, sir. No.

Mr. MITCHELL. So in other words, your testimony simply is that you did not say that?

Mr. RODRIGUEZ. Not that I recall.

Mr. MITCHELL. Not that you recall?

Mr. RODRIGUEZ. Absolutely.

Mr. MITCHELL. Well, if you didn't know about it at the time, then you could not have said it, could you?

Mr. RODRIGUEZ. You are referring to the Iran thing, no. It could have been something else.

Mr. MITCHELL. Did you know of any other swap of weapons for dollars?

Mr. RODRIGUEZ. When I talked to him it was a long time ago, sir. I have no idea exactly all the words that I told him. That was my recollection.

Mr. MITCHELL. My question now is not toward what you may have told him, but what you knew at the time?

Mr. RODRIGUEZ. At the time I didn't know anything. I told you before.

Mr. MITCHELL. You knew nothing about any swap of any arms for dollars to get aid for the Contras; is that your testimony here today?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. All right.

Now, if I might go to the first contact you had in this matter, that is exhibit no. 1, that is a letter dated September 20, 1985, that you received from Oliver North?

Mr. RODRIGUEZ. Yes, sir. I have it here.

Mr. MITCHELL. The very first sentence says "After reading this letter, please destroy it."

Did you destroy this letter after reading it?

Mr. RODRIGUEZ. No, sir. I did not.

Mr. MITCHELL. You did not?

And this was the method by which you were first involved in this resupply operation; is that correct?

Mr. RODRIGUEZ. That is correct, sir.

Mr. MITCHELL. You had, in fact, gone to Central America, not to work in the Contra resupply operation, but to assist another government in its counterinsurgency program?

Mr. RODRIGUEZ. That is correct, sir.

Mr. MITCHELL. And you then got this letter from Mr. North who you knew at the time was an official of the National Security Council; is that correct?

Mr. RODRIGUEZ. That is correct, sir.

Mr. MITCHELL. And so he recruited you into this Contra resupply effort?

Mr. RODRIGUEZ. I would not put it that way, sir; recruiting me. He was just asking for my assistance in helping implement this program.

Mr. MITCHELL. He asked you for your assistance?

Mr. RODRIGUEZ. Recruiting in our language has a little different meaning.

Mr. MITCHELL. Yes. I don't think that makes much difference. He asked you to help in this effort and you agreed to help and did help?

Mr. RODRIGUEZ. Yes, sir.

Mr. MITCHELL. All right.

And he told you that the aircraft will be used for air drop aerial resupply to units inside Nicaragua?

Mr. RODRIGUEZ. That is correct, sir.

Mr. **Mitchell**. And he asked you to arrange for service space for those aircraft?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. And he told you that this operation was so secret that you were the only person in the area who can set up the servicing of these aircraft?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. And he told you that you must not even advise the Chief of Station of the CIA?

Mr. **Rodriguez**. That is correct, sir.

Mr. **Mitchell**. You are a former CIA agent, are you not?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. And he told you that you should keep knowledge of this project from any people who were not working with him?

Mr. **Rodriguez**. That is correct, sir.

Mr. **Mitchell**. And you subsequently had many conversations and personal meetings with Mr. North about this matter, did you not?

Mr. **Rodriguez**. We met a few times afterwards.

Mr. **Mitchell**. And you talked to him?

Mr. **Rodriguez**. I am sure that he mentioned something related to this.

Mr. **Mitchell**. Colonel Dutton yesterday described Colonel North as the cocommander of this operation. Do you agree with that? Would you describe him as the cocommander of this operation?

Mr. **Rodriguez**. I would put it like the main sponsor of this operation.

Mr. **Mitchell**. The main sponsor of this operation?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. When there were disputes, it was to Colonel North to whom you and others ultimately went to have them resolved; is that correct?

Mr. **Rodriguez**. Disputes?

Mr. **Mitchell**. Disagreements? Decisions that required some higher authority?

Mr. **Rodriguez**. What is the question?

Mr. **Mitchell**. It was Colonel North to whom you went for final decision on these matters?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. Yes. And when you were concerned about what was happening with this effort, it was to another government official, Mr. Gregg, who you went to express your concerns; is that correct?

Mr. **Rodriguez**. That was, as I testified before, sir, after we got a disagreement or a little problem, that meeting on the 25th of June. At that point we were sort of disengaged, and I don't think we were on very good terms.

Mr. **Mitchell**. You were concerned about the operation and you expressed those concerns to Mr. Gregg, who you knew to be a government official at that time; is that correct?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. You also had contact with other government officials in this operation, did you not?

Mr. **Rodriguez**. Yes, I did, sir.

Mr. **Mitchell**. Mr. Steele?

Mr. **Rodriguez**. Colonel Steele.

Mr. **Mitchell**. Yes. What was Colonel Steele's position?

Mr. **Rodriguez**. Military group commander in the area where I was.

Mr. **Mitchell**. The military——

Mr. **Rodriguez**. Commander.

Mr. **Mitchell**. In that area?

Mr. **Rodriguez**. Yes, sir.

Mr. **Mitchell**. You also had contact with officials of the CIA?

Mr. **Rodriguez**. Not very good. Our contact in the beginning with the agency was not that good.

Mr. **Mitchell**. Not that good?

Mr. **Rodriguez**. No, sir.

Mr. **Mitchell**. I'm not asking about the quality of the contact, but the fact that you did have contact.

Mr. **Rodriguez**. Very little, very limited. As I testified, some of the people, I had trouble in establishing myself in there because of resentment perhaps by the Chief of Station there—of my presence there. So our relation could be neither close or often or good, if you want to put it that way.

Mr. **Mitchell**. So you were asked to participate by an official of the National Security Council, and you have described him as the main sponsor. You had contact with government officials during this operation and, when you had concerns, you expressed them to a government official.

Would it be fair to say, Mr. Rodriguez, that this operation was controlled by the U.S. Government?

Mr. **Rodriguez**. I would not say so, sir.

Mr. **Mitchell**. No. What would you say?

Mr. **Rodriguez**. I didn't consider that. I considered that Colonel North had the interest to help the Nicaraguan Freedom Fighters. I respect him for it. I helped him and I would continue to help anybody under the circumstances, because I believe very strongly in the situation that they were having, as I testified to you before, and perhaps a lot of you doesn't have the experience that I did.

But if you had, you would probably feel the same way. When you lose your country and you feel abandoned and don't have anybody to go to, if anybody comes to your help under those circumstances, it would be immoral for me not to go to him or help in any way or form.

Mr. **Mitchell**. We respect and admire you for that, Mr. Rodriguez.

But, of course, you would agree the nature of your particular beliefs has nothing to do with the question of whether or not this was controlled by the government.

Mr. **Rodriguez**. In my opinion, it was controlled by Colonel North to a great extent. I personally didn't believe the government itself was involved and I so expressed it to——

Mr. **Mitchell**. Did you think Colonel North was acting as a private citizen in this matter?

Mr. **Rodriguez**. Sir, it is not for me to determine that.

Mr. **Mitchell**. I'm not asking you to determine that. I'm asking what you thought.

Are you telling us now that you believe Colonel North was acting as a private citizen outside of his capacity?

Mr. Rodriguez. I'm sure he had some guidelines, sir. But I believe he felt so strongly about it, he would do a lot of things on his own; that at the time even to me he was kind of a very powerful lieutenant colonel.

Mr. Mitchell. Did you think Colonel Steele was acting as a private citizen in this matter?

Mr. Rodriguez. No, sir. Colonel Steele was not that involved in this type of operation.

Mr. Mitchell. Did you think CIA officials who were involved were acting as private citizens in this matter?

Mr. Rodriguez. I learned a lot of the CIA later on during these hearings. I had not much knowledge of that at that time.

Mr. Mitchell. To the extent they were involved, did you believe they were acting as private citizens?

Mr. Rodriguez. No, sir.

Mr. Mitchell. When you came to see Mr. Gregg to express your complaints, did you express them to him as a private citizen?

Mr. Rodriguez. No, sir. At that time I considered, first of all, that the Congress had approved the aid to the Nicaragua Freedom Fighters. So at that point I didn't consider it illegal to talk to him. I felt that at that point in time it was preparation for the U.S. Government officially to take over the program, and he should have the benefit of my ideas at that time, that he didn't know what was being done there, so that the State would not be making—using the wrong people for this operation.

Mr. Mitchell. That is true, but—and I understand that. That has nothing to do with the question of whether or not Mr. Gregg was a Government official.

Mr. Rodriguez. No. He was. No question about that. I am not denying that, sir.

Mr. Mitchell. Notwithstanding all of that, it is your contention that this was not a Government operation?

Mr. Rodriguez. It was not, as far as I knew.

Mr. Mitchell. Not as far as you knew?

Thank you very much, Mr. Rodriguez.

Mr. Chairman, thank you.

Chairman Hamilton. Mr. McCollum.

Mr. McCollum. Thank you, Mr. Chairman.

Felix Rodriguez, you are quite a hero in many quarters. Obviously, you are a person who, in the Cuban-American community, has quite a reputation for your involvement with the Bay of Pigs and for your efforts in bringing about the demise of Che Gueverra.

I am very personally proud that you are here today, and I am able to, at least, say that to you because it is a high compliment, as far as I am concerned, what you have done in fighting communism in this hemisphere.

Mr. Rodriguez. Thank you, sir.

Mr. McCollum. We are concerned about a lot of important issues today. And though we both have biases against communism, the facts alone are what we are really about here.

Last week, Mr. Rodriguez, I questioned Mr. Calero and after my questioning of him, a caller called my office and said to my staff that Mr. McCollum was showing bias in favor of the Contras and he couldn't understand why I would be biased, and he thought that was unfair being a committee member.

I want to say to you that I am biased in favor of the Contras and against the Communist Sandinistas. That doesn't mean I am biased in these hearings with regard to the subject matter. I personally, as I am sure you do, deeply believe the Communist Sandinistas are internationalists, that if left to their own devices, they will carry their Communist revolution to the neighboring countries, not through military invasion, but through subversion, and through training of revolutionaries. And if the Contras aren't successful—and I hope they are for this reason—but if they are not successful in stopping the expansion and stopping the Sandinista Government, then at some point the U.S. young men and perhaps young women are going to lose their lives defending our national security interests somewhere in Latin America. I don't know where.

I do believe those things, as I think you do. I gather you do.

Mr. RODRIGUEZ. That is right.

Mr. MCCOLLUM. Nonetheless, the importance of this hearing is not to debate our views on those kinds of issues. That may be the ultimate question later on. But I am interested in getting at the facts. I am very open-minded about them. If people did things that were wrong in our government or policies were wrong, and apparently some policies were wrong and some people did do some things that weren't right in this matter—then we need to get the answers.

Now, let's clarify a couple of things up front. Yesterday you testified, and I think I am going to ask you simply to corroborate some things you have already said. At any time have you ever discussed with Vice President George Bush anything about the Contra resupply operation?

Mr. RODRIGUEZ. No, sir.

Mr. MCCOLLUM. At any time have you ever been present when anyone else discussed with Vice President Bush anything about the Contra resupply operation?

Mr. RODRIGUEZ. No, sir.

Mr. MCCOLLUM. Have you ever talked with anyone who said they talked with the Vice President about the resupply operation after they had done it?

Mr. RODRIGUEZ. No, sir.

Mr. MCCOLLUM. No? All right. Other than the occasion when you talked to Don Gregg, and it has been elaborated on in the questions that just went before me on the memo, other than that occasion, have you ever talked with any staff member of the Vice President's about the Contra resupply operation?

Mr. RODRIGUEZ. Not until the time that—it is already a matter of record—that the plane went down, sir.

Mr. MCCOLLUM. Not until after this was going on?

In other words, not prior to the disclosure of Mr. Meese?

Mr. RODRIGUEZ. No, sir, that is correct.

Mr. MCCOLLUM. And prior to our beginning to see the Tower Commission investigate and so on? All right.

Now, I want to ask you about some things that you discussed yesterday regarding the pricing of some of the weapons and the grenades and so on that were sold to Mr. Calero.

I am as disturbed as you are, but I think we need to establish the background a little bit better. You testified you were concerned about who was running the air supply operation, because you had heard from somebody else that the price of the grenades that were sold to Mr. Calero by Tom Clines and Secord was $9. These were $9 when, in fact, this other person told you that they should only be $3; is that correct?

Mr. RODRIGUEZ. I guess I rounded down. It came out to $9.50, and they were selling for $3.50, a tremendous difference in it.

Mr. MCCOLLUM. You also testified this was a purchase made by Mr. Calero for the FDN. I assume since Mr. Calero made all his purchases before the summer of 1985, that this purchase was made before Colonel North asked you to assist with the resupply operation in September of 1985, would that be correct, that the purchase we are talking about would have taken place before?

Mr. RODRIGUEZ. That could be, sir. I only learned of it later during this time, so even if we were told when this boat arrived in the neighboring country with that equipment, the day wasn't told to me.

Mr. MCCOLLUM. Someone else told you this. Who told you about the pricing?

Mr. RODRIGUEZ. The individual who picked up the manifest on behalf of the local government.

Mr. MCCOLLUM. What was his name?

Mr. RODRIGUEZ. Mario Delamico.

Mr. MCCOLLUM. Mario Delamico?

Mr. RODRIGUEZ. Yes, sir.

Mr. MCCOLLUM. Did you know that he was working for Ron Martin?

Mr. RODRIGUEZ. Yes, sir.

Mr. MCCOLLUM. And Ron Martin was a competitor of General Secord and Clines in selling arms to the Contras. Did you know that?

Mr. RODRIGUEZ. I am aware of that now.

Mr. MCCOLLUM. Did you hear General Singlaub's testimony, Mr. Rodriguez?

Mr. RODRIGUEZ. Yes, sir.

Mr. MCCOLLUM. Would it surprise you to learn that Mario Delamico took control of General Singlaub's arms shipments to the Contras?

Mr. RODRIGUEZ. I just heard the testimony, sir.

Mr. MCCOLLUM. And after Delamico took control, Delamico went to General Singlaub and made a threat—those are the words that General Singlaub used—that Singlaub should sell no more arms to the Contras but that all arms should be sold by Delamico and Martin?

Do you——

Mr. RODRIGUEZ. I heard that.

Mr. MCCOLLUM [continuing]. Remember hearing that testimony? It concerns me, and the reason I raised it is that I know, because of your background and reputation, how sincere and concerned you are and were about the quality of arms that were going down there. But we had competitors in the arms business here, one telling you something, one telling another something.

Mr. Rodriguez. Right.

Mr. McCollum. There was a competition going on down there. And I'm concerned that you may have been misled or otherwise used in this case, in this one instance, at least. Does that concern you now, having heard General Singlaub's testimony?

Mr. Rodriguez. No, sir, because I never had any dealing as far as any business was concerned with any one of them. I know a lot of people through my years and career from all different sides and places. But I had no business dealing with either one of them. I have a lot of friends in that field, but not business.

Mr. McCollum. I didn't mean to imply you had business dealings. I didn't want to hint that. I am just concerned; my concern was that because Martin and Singlaub and Secord were all selling arms, they were all competitors, that information on pricing given to you or given to anybody could have been done intentionally to try to get the business away from the other person in the end, and you'd have no way of knowing independently of what they told you. You'd just have to either believe them or not believe them.

I guess that's the way that it was in this case. You did believe them. You were concerned. I can understand that concern.

Mr. Rodriguez. Well, I passed the concern to him. I expect he could tell me whether it was true or a lie. But I just was told that there was no money involved in the transaction.

Mr. McCollum. He didn't tell you?

You said, Mr. Rodriguez, that you were acting as a liaison. I believe the word you may have used was something different but that's what the counsel interpreted it to be. A liaison with the local authorities in the country in Central America where you were working. You were a liaison for helping the resupply operation with that government, with the authorities of that government; is that correct?

Mr. Rodriguez. That's correct, sir. That's fair to say.

Mr. McCollum. Apparently when you went to the authorities in that Central American Government where you were involved, they were pretty readily cooperative, at least it appears they were; is that correct?

Mr. Rodriguez. Well, sir, in that specific situation, you have to understand the situation that they are in and it definitely would be to their best interests, coincide with the United States' interests. But it was more to their best interests because it is much closer to them, the Nicaraguan Communist country, to be able to help this effort.

Mr. McCollum. Explain that a little bit more. Why would it be in their best interests? What did they perceive it—from what you observed?

Mr. Rodriguez. Well, sir, everybody seems quite aware that the Nicaraguan Communist country is a country like Cuba. They are trying to expand to the neighbor. It is one of the closest neighbors, the place where I was.

All the weapons that were received in the place where I was, which were actually from Vietnam, have been transported through the Soviet Union to Cuba, to Nicaragua, and eventually found their place down there in Central America. Of course, it was their concern of expansionism of the Nicaraguan Government, it was to their best interests to contain it in any way or form. It was one of the ways of doing that.

Mr. McCollum. Did you observe while you were in this Central American country assisting, as I recall, the efforts that this government was making to quell revolutionaries in that country, did you observe any indication that the Nicaraguan Sandinistas were supporting these revolutionaries, these rebels, against the government of the country where you were?

Mr. Rodriguez. Absolutely, sir.

Mr. McCollum. What did you observe?

Mr. Rodriguez. Well, sir, all the weapons that we captured were from Vietnam, and if you want, I can show you something I brought in that we captured, if it is all right with you.

Mr. McCollum. If you have got something, I have no objection to your showing it to us.

Mr. Rodriguez. Yes.

Mr. McCollum. I can assure everybody I didn't know he brought anything in here. I didn't ask him for that reason. But I am curious, as everybody else is.

Mr. Rodriguez. It is nobody's question these people—this country, whether intentional, who they are responsible to. This is the one that was captured the 7th of November of 1985.

Mr. McCollum. What is that, Mr. Rodriguez?

Mr. Rodriguez. It is a flag from one of the revolutionary governments being supported by the Nicaraguans inside the country that I was. It is very obvious, sir, that they didn't have their own national signal.

Mr. McCollum. Thank you very much. I think we have seen it. If you would—thank you.

Mr. Rodriguez. Thank you.

There is no question in my mind. There shouldn't be any question in anybody else's mind who they were.

Mr. McCollum. There wasn't any question in my mind either, but I guess that is a corroboratory piece of evidence in this particular instance. You say there were weapons and this banner was captured and there are—is there anything else that you observed indicating the Sandinista Government was supporting these revolutionaries in the country where you were?

Mr. Rodriguez. Yes, sir.

I interrogated one of the prisoners. In a specific case, one captain that turned himself into the country, and he explained the way he was trained in Cuba. He explained how he left the country where I was. He went to a southern country, got a visa there, and go to Nicaragua. Clandestinely, he went to a safe house and was transported 2 weeks later to Havana, Cuba, to receive training there. After he received training in Havana for 6 months in terrorism and different types of operations, he returned to Nicaragua. In a very sophisticated manner, he used Guatemalan identification to go into neighboring countries of Honduras and from there into the country where I was and explained a lot of other people that were there on a continuous basis being trained in Havana, Cuba, based near Havana, Cuba, by the Cubans in the country where I was and other Latin American countries.

There is no question in my mind.

Mr. McCOLLUM. Did your observations with regard to the Sandinistas in your work in this Central American country influence your decision in any way when Colonel North and others asked you to help with this resupply operation?

Mr. RODRIGUEZ. Can you repeat that question again, sir?

Mr. McCOLLUM. Did your observations, did the work that you were doing down there to help this government in Central America fight Communist revolutionaries whom you have just said you saw support from Nicaragua for, did that support from Nicaragua Sandinistas influence you in any way when you were being asked to help the resupply operation?

Mr. RODRIGUEZ. Well, I already had my mind made up on that. It was just corroboration of it.

Mr. McCOLLUM. In other words, it didn't take a lot of convincing to convince you to help the resupply operation?

Mr. RODRIGUEZ. I was convinced to help more, sir.

Mr. McCOLLUM. I think I have asked all the questions, Mr. Chairman, I have. Thank you.

Chairman HAMILTON. Senator Trible.

Mr. TRIBLE. Thank you, Mr. Chairman.

Mr. Rodriguez, I want to welcome you as well. I know all my colleagues share my view that we have great respect for your courage and your ardent anti-communism.

I think the record should reflect you appear today without immunity and without counsel. I think that does say something about your past actions and also about the quality of your testimony here today.

Now, my colleagues here on the panel have focused primarily on your relationship with public officials. I would like to focus on your relationship with the others involved in this resupply network.

You testified yesterday that in September of 1985, Colonel North asked you to help out and pursuant to that contact, you heard from an old friend, Rafael Quintero.

You indicated further you had all served together in the Bay of Pigs initiative.

Mr. RODRIGUEZ. Yes, sir.

Mr. TRIBLE. Now, my understanding is that there came a time that you parted company; that that relationship came to an end. Why was that?

Mr. RODRIGUEZ. That was in the late seventies when I learned of the close relationship with Mr. Wilson. I believe Mr. Wilson was dealing with Qadhafi, which I consider an enemy of Cuba and an enemy of the United States.

Mr. TRIBLE. So Mr. Quintero then was doing business with Edwin Wilson?

Mr. RODRIGUEZ. Well, Mr. Quintero was associated with people who were making business with Edwin Wilson.

Mr. TRIBLE. And Edwin Wilson is the CIA agent-gone-bad who supplied explosives to Qadhafi and helped train his terrorists; is that correct?

Mr. RODRIGUEZ. That is correct, sir.

Mr. TRIBLE. Were you surprised someone like Quintero would show up in this enterprise and he would be your first call?

Mr. RODRIGUEZ. Yes, sir. I was never advised before of his presence in this operation.

Mr. TRIBLE. You testified further that for about the next 6 months you worked with Secord and company, Quintero and the others, and you began to develop concerns about the operation. Yesterday you talked about examples of overcharging, overpricing, the $3.00 grenades for which the Contras were charged $9.00 apiece.

You mentioned that Gadd had overcharged in connection with the building of a runway in a neighboring country. Were there other examples of overcharging as well, of profiteering?

Mr. RODRIGUEZ. Well, sir, there was—I heard that from, actually from Mr. Quintero, but, in fact, the people down in the other neighboring country who were working there.

Mr. TRIBLE. Yes, but were there other examples of this kind of overcharging or profiteering that came to your attention?

Mr. RODRIGUEZ. People would say in the program, their own people, a lot of the equipment they were buying, they thought it was pretty high price, but I didn't have anything to do with the purchasing of it, or didn't see any receipts.

Of course, they would not show me any receipt of it, so it was just hearsay for them.

Chairman HAMILTON. Senator Trible, may I interrupt you for just a moment just to announce a vote is in progress in the Senate and that is the reason for the Senators leaving. And the bells are now ringing for a vote in the House, so we may have to declare a recess here in a few minutes.

But Senator, why don't you proceed if it is convenient for you?

Mr. TRIBLE. Thank you, Mr. Chairman. I will continue and complete my colloquy of Mr. Rodriguez.

Mr. Rodriguez, in your conversation with Colonel Gregg on August 8, 1986, Gregg's notes indicate that you said the following: Dick Gadd purchases things, that first Caribou, big profit, Clines is getting money from, then deleted or whatever, buying things at great profit.

What was the basis for those comments to Colonel Gregg?

Mr. RODRIGUEZ. Mr. Gregg?

Mr. TRIBLE. Yes, Mr. Gregg, rather.

Mr. RODRIGUEZ. Well, I guess I mentioned to him, sir, we were buying communication equipment that I saw in that paper: repeaters and other radios for the program down there. Before we received the repeater, we were told that the funding had gone out, had been finished. We were only allowed something like $30,000, and we learned from the individual who was providing that it is only being spent $15,000, but apparently in the books of Mr. Gadd, all $30,000 were already spent, so somehow the prices when actually spent, the 15 thousand dollars went to 30 or 40 thousand dollars in there. Eventually, we got at the very end of these the repeater down there that was actually never used.

Mr. TRIBLE. What about this first Caribou, you say there was a big profit. Did someone make a lot of money on that as well?

Mr. RODRIGUEZ. There were comments by some of the crew members that the Caribou had cost extensively more, three times more than usually it will cost, that type of aircraft.

Mr. **Trible**. Let me move to another area to make the same point about profiteering. To the best of your knowledge, what was the pay of the pilots?

Mr. **Rodriguez**. Well, as I understand from them, it was $3,000 a month. I never saw any paper what they told anything. Hasenfus testified when he was released and when he was down there that his salary and one of the other pilots was $3,000 a month.

Mr. **Trible**. Your understanding then was they were paid $3,000 a month?

Mr. **Rodriguez**. $3,000 a month, plus a bonus for every flight they make inside the country, inside Nicaragua.

Mr. **Trible**. And that was $700 a flight.

Mr. **Rodriguez**. At the beginning it was $700 per pilot and $450 for the crews and then they discussed they were all taking the same risk at the same time so they decided to pay equal to all of them.

Mr. **Trible**. All right, sir.

Let me refer you to the last exhibit in your book marked exhibit FIR-6, which is a billing to Lake Resources. Do you have any explanation why the billings to Lake Resources indicate a daily rate of $450, which adds up to about $13,500 a month?

Mr. **Rodriguez**. No, sir, I have no explanation; but the figure of $400, $450 are quite similar to the situation with the two people who were working in the south country, but I have no——

Mr. **Trible**. This indicates, does it not, a substantial overcharging; that they were being charged far in excess to what the pilots received.

Mr. **Rodriguez**. If Hasenfus was correct for $3,000, of course, a tremendous overcharge on that.

Mr. **Trible**. Let's move to another subject. You found also examples of old ammunition being delivered to the Contras. For example, 81 millimeter rounds built in the early 1950's, and you expressed concern about that; did you not?

Mr. **Rodriguez**. Yes, sir. That was the main concern, that the 81 millimeter round, the boxes said they were built or they were made in 1954, so we had a concern of going through all the trouble of delivering these and then misfiring them.

So we did test fire about 18 rounds of the 81 millimeter. And the other item that we did fire was the K-21 submachine gun or machine gun that is belted, and not because it was in bad shape, because the FDN people didn't know whether the appropriate belt was put onto it or not.

It did work fine. We did not test fire any other——

Mr. **Trible**. I understand, Mr. Rodriguez, that when you test fired them that they seemed to operate correctly, but isn't it a fact, Mr. Bermudez, who was a commander of the democratic resistance told you later this ammunition did not perform well in the field and that it misfired.

Mr. **Rodriguez**. Yes, sir. After my operation, Mr. Bermudez visited me in my house in Miami——

Mr. **Trible**. I don't want to cut you off but my time is short. Answer if you feel it is important, but I don't think the circumstances, the place of that conversation, is as important as the subject. He did tell you that, did he not?

Mr. **Rodriguez**. Yes, sir, he did, a lot of misfire, different items.

Mr. **Trible**. Now, by the way, yesterday we heard from Colonel Dutton and Colonel Dutton said on another matter that he complained that you had demanded control of the fuel fund. Now, why did you demand control of the fuel fund?

Isn't it true that one of Mr. Dutton's lieutenants, a fellow named DeGaray, had attempted to bribe a public official in your host country, and it was because of your outrage, because of that incident, that you demanded to control these funds?

Mr. **Rodriguez**. May I explain the incident, sir?

Mr. **Trible**. I want you to.

Mr. **Rodriguez**. Yes, sir. I have told them that anything that had to do in there had to go through me to be able to keep it very clear, why I took a vacation to come to Miami.

Mr. DeGaray requested a meeting with a friend of mine in the area, and he told the officer it was a matter he had to discuss with him personally. He went there accompanied by one of the pilots and when he got to my friend's desk he dropped on his desk $15,000 in cash and told him this was going to be for the fuel fund.

I think this infuriated my friend, because he didn't know how to take that and he didn't do business like that. He told Mr. DeGaray to pick up that money, that he was not an accountant, to take it to the accountant of the local base and to get a receipt for the money that he was turning in for the fuel account that we were operating.

From there on I took control of the account and made sure every receipt was given to the control officer, and then kept a very precise expenditure with balances and everything that I submitted to the committee for the time I was down there, sir.

Mr. **Trible**. Fine. Thank you, sir.

Now let me ask you this. What did all this tell you about Mr. Secord and his lieutenants? Overcharging, delivery of old ammunition, attempt to bribe a public official in the host country, what did that tell you, if anything, about the people you were doing business with?

Mr. **Rodriguez**. I wasn't very confident with the type of operation that was being run down there, sir.

Mr. **Trible**. In fact, it is true, is it not, that you told Colonel North and others that this was the old Wilson Gang in business once again?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. Now, you have testified that Mr. Quintero was associated with Mr. Wilson and Qadhafi. What about Mr. Clines?

Mr. **Rodriguez**. Mr. Quintero was very closely very associated with Mr. Clines, they were very close friends, and I used to be a long time ago.

Mr. **Trible**. Mr. Clines was also active in the support of Qadhafi as well, was he not, through Mr. Wilson?

Mr. **Rodriguez**. Yes, they were very close to Wilson.

Mr. **Trible**. Isn't it a fact he hired pilots for Qadhafi when he worked for Wilson?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. Did Mr. Clines tell you that General Secord and Mr. Wilson had also been business partners?

Mr. **Rodriguez**. At one point in time, sir, which I mentioned—I want to clarify that because I don't like to say things that I do not have proof, but I believe Mr. Ballen wanted to know very strongly why did I feel uncomfortable with Mr. Secord and why did I want to leave the parade——

I had to have a reason for it. I explained to him very clearly that I had no proof or nothing, but at one point in time Mr. Clines mentioned that General Secord was a partner of his, 20–25 percent, in the oil company back in 1979.

Mr. **Trible**. In EDSCO?

Mr. **Rodriguez**. He didn't mention EDSCO at the time.

Mr. **Trible**. But a partner with Mr. Wilson, 20, 25 percent?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. All right, sir. Now let me move on to Colonel Fred Dutton. You all didn't get along very well.

Mr. **Rodriguez**. No, sir.

Mr. **Trible**. Is that correct?

Mr. **Rodriguez**. It is obvious by his testimony.

Mr. **Trible**. That's right. Mr. Dutton yesterday talked about his efforts to honor the neutrality law; that he had an opinion in hand. That doesn't square with your own recollection of the facts.

Tell us, if you will, what did Colonel Dutton tell his associates about U.S. neutrality laws.

Mr. **Rodriguez**. Well, the first time I actually did not—he arrived down there, he was carrying the Neutrality Act in his hand. He did mention the fact for them to be legal—I guess he counted me as one of the group at the time—for them to be legal, first of all, they could not, like he said here, drop anybody from the aircraft, but they had to compromise American officials in it to be legal, to be receiving information from the military.

He wanted to get Steele more involved in it, and the Ambassador if possible. That way it would be legal in the operation.

Mr. **Trible**. Colonel Dutton, contrary to his testimony yesterday, told his associates that they should try to compromise U.S. officials and get them more involved in these activities; is that right?

Mr. **Rodriguez**. He mentioned that at the base, sir.

Mr. **Trible**. Did Dutton tell you what his long-term goal was in terms of this operation? Did you also hear about that from the pilots?

Mr. **Rodriguez**. He believed that after the approval by Congress of aid to the Contras, he believed the operation will continue and they will get participation and support in the south front. I believe it was on a rented basis with the agency.

Mr. **Trible**. In fact, you told Colonel Gregg, did you not, he had constructed a paper organization to sell the CIA?

Mr. **Rodriguez**. Yes, sir. I told Mr. Gregg I was very concerned with that, but at the same time there were a lot of good pilots in there. Instead of the agency taking an operation with directors on it, they could very well pick up a pilot from that and use it because they were very good pilots, a lot of them.

Mr. **Trible**. Now, moving on to April 20, 1986, you met with Colonel North, Secord, Bermudez and others down in this Central American country, and you said yesterday at that time that Bermudez, the head of the FDN, said in very strong terms that he was concerned about the aircraft. He didn't like the aircraft. He was concerned about their speed, about their condition, about their limited capacity to carry goods.

What was Colonel North's response to that?

Mr. **Rodriguez.** Well, he said that these are the aircraft that he received as donation, that if he had the money he would buy better aircraft, and I guess he mentioned the C130. He mentioned to him that he will prove to them that it will work; that they have pilots trained. They had been used successfully in other parts of the world.

Mr. **Trible.** So he told you he didn't have any money, didn't he?

Mr. **Rodriguez.** Yes, sir. He said he didn't have any money. It was strictly donations.

Mr. **Trible.** Were you surprised to learn later that Colonel North had not told you the truth; that in fact he had a whole lot of money, and that these were not donations?

Mr. **Rodriguez.** Yes, sir.

Mr. **Trible.** How do you feel today knowing that people were putting their lives on the line; that you were struggling day in and day out to hold this fragile operation together, and at that time Colonel North told you that he had no money, and yet there were millions of dollars socked away in secret Swiss bank accounts?

Mr. **Rodriguez.** It infuriated a lot of people that believe strongly in this cause and in democracy, sir.

Mr. **Trible.** Now, you also testified, did you not, that you delivered false end-user certificates that day to this company of individuals pursuant to Quintero's request?

Mr. **Rodriguez.** Yes, sir.

Mr. **Trible.** But you didn't say who you gave those to. Who did you hand those to?

Mr. **Rodriguez.** General Secord, sir.

Mr. **Trible.** General Secord?

Mr. **Rodriguez.** Yes, sir.

Mr. **Trible.** You have asked for those to be returned because they haven't been used.

Mr. **Rodriguez.** Yes. After about a month, a month-and-a-half, we requested when were they coming and we were told that the deal did not come through, and I know a certificate like that floating around is important, especially if it gets in the wrong hands, and I strongly requested it be returned to the signatory.

Mr. **Trible.** Have they been returned?

Mr. **Rodriguez.** No, sir.

Mr. **Trible.** People are probably wondering why this fascination with end-user certificates, but they have tremendous value, do they not?

Mr. **Rodriguez.** Yes.

Mr. **Trible.** To control where very lethal weapons go.

Mr. **Rodriguez.** Yes, sir.

Mr. **Trible.** Now, you returned to Central America after that meeting and on June 23d, you were called by Quintero to Washington to meet again with North and Dutton; is that correct?

Mr. **Rodriguez.** That is correct, sir.

Mr. **Trible.** Now, at that time you told North, according to your testimony about the Wilson connection and about overcharging.

Mr. RODRIGUEZ. Yes, sir.

Mr. TRIBLE. Mr. Chairman, I see the red light, but with your permission I would like to go on for a couple of more moments.

Mr. RODINO. The Senator may continue.

Mr. TRIBLE. Thank you very much.

Especially in view of the fact all my colleagues have departed, I will carry on.

You told North at that time about Wilson overcharging, about the Wilson connection, rather, and about overcharging; did you not?

Mr. RODRIGUEZ. The people that were connected with Wilson in the past, yes.

Mr. TRIBLE. You testified yesterday that you told him that this was worse than Watergate and that it was going to destroy the President, did you not?

Mr. RODRIGUEZ. Yes, sir.

Mr. TRIBLE. And what was North's response?

Mr. RODRIGUEZ. What he said basically was that Mr. Clines is a patriot. He is not buying anything. He is just helping me in the transportation of equipment.

Mr. TRIBLE. He told you those allegations were not true?

Mr. RODRIGUEZ. That's all that he said, and at that point in time I guess I was wasting my time there and I left.

Mr. TRIBLE. Do you think Clines or Gadd or DeGaray or Secord or Quintero are patriots, Mr. Rodriguez?

Mr. RODRIGUEZ. Sir, for me it is very hard to make an opinion when people are down. I have never been known for doing that. I guess it will come very clear when these testimonies are over the merits of everybody had in this process, and I leave it to you and to the American people to judge for themselves.

Mr. TRIBLE. That is a very fair statement, and I applaud your good intentions.

Were you surprised that Colonel North was working with these kinds of people, given all the things you have told us today?

Mr. RODRIGUEZ. Yes, sir. As a matter of fact, I believe there was an article in the *New York Times* at the very end read that by all means Colonel North was running this network and could he be that dumb? That was the end of the article in the *New York Times.*

Mr. TRIBLE. How could he be that dumb?

Mr. RODRIGUEZ. How could he be that dumb of using these people. That was the end of the article in a New York magazine sometime ago.

Mr. TRIBLE. During this meeting you also indicated Colonel North was watching the debate on the Contra aid on television; is that correct?

Mr. RODRIGUEZ. Yes, sir.

Mr. TRIBLE. And you indicated a statement that he made yesterday. How would you characterize Colonel North's attitude towards Congress?

Mr. RODRIGUEZ. Well, critical. I would not repeat the statement because my wife already told me that I should not have said the last word of it, but I was asked here to do it.

Mr. **Trible**. You said something to the effect, and I sanitize it for television and for the record, that these folks want to get me, but I am safe because the old man loves me.

Mr. **Rodriguez**. Yes.

Mr. **Trible**. Or something like that.

Mr. **Rodriguez**. Part of his body, yes, sir.

Mr. **Trible**. Now, what did you believe he meant when he said the old man? Who did he mean?

Mr. **Rodriguez**. It could be the President.

Mr. **Trible**. Let me ask you this——

Mr. **Rodriguez**. But I think it's kind of disrespectful in that type of a statement.

Mr. **Trible**. What did you make of that statement? Did you believe that statement or was this sort of self-serving hype on the part of Colonel North?

Mr. **Rodriguez**. Well, what I have seen here before, sir, is due to a lot of dramatic type of statements, and probably that was one of them. It is not very nice, but one of them.

Mr. **Trible**. Now, one final point. I don't want to impose too heavily on the chairman. He has been very gracious, and I will run to vote.

You indicated that during July and August of 1986, the operation came to a standstill, that Quintero said the operation was to be terminated, and nobody was going to be paid. You talked about the confrontation over the plane, you went out and told the pilots or asked them if they would fly for free and they agreed to do so.

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. Why do you believe the operation was terminated?

Mr. **Rodriguez**. He told me, black and white.

Mr. **Trible**. Well, tell us.

Mr. **Rodriguez**. Well, when I arrived, first of all, I have been told I have stolen the plane, and he has specifically told me that that plane had to be refueled and returned, and he had a lot of spare parts on board that were for the Nicaraguan Freedom Fighters to repair their planes.

I saw no reason why to return the plane unless the operation was terminated, so that was material that was badly needed down there, and I expressed so to him.

So he told me that's exactly the case, this thing is finished and done. I will be down there in 3 days to close on all the houses and tell the pilots, on behalf of their principals, that they no longer have the authority to fly the aircraft, if they do it will be on their own.

Mr. **Trible**. Mr. Rodriguez, time is short and I don't want you to go through the details of those transactions again. You talked about those yesterday.

My question is this: Why do you believe they attempted to terminate the operation?

Mr. **Rodriguez**. Well, sir——

Mr. **Trible**. In your testimony, in your transcript, you said "they had decided they were not going to get the CIA contract, they were trying to move everything out, and I was not going to let them steal it."

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. Is that right?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. That was your judgment at the time?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. And that is your judgment today?

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. One final question. You indicated also that because you stood them down, the resupply continued, but then you said you put Contra guards onboard the aircraft to make sure they were not stolen.

Mr. **Rodriguez**. Yes, sir.

Mr. **Trible**. And what you did not say yesterday was who was going to try to steal them.

Mr. **Rodriguez**. Who?

Would you say that again? Can you ask that question again?

Mr. **Trible**. Yes, sir.

The question is: Who were you concerned about trying to steal those aircraft?

Mr. **Rodriguez**. Well, sir, I was concerned they would receive orders from the owner, which is General Secord, and take the airplanes somewhere else.

Mr. **Trible**. Precisely.

I thank you, Mr. Chairman.

I thank you, Mr. Rodriguez.

Mr. **Rodriguez**. You're welcome, sir.

Mr. **Rodino**. Congressman Jenkins.

Mr. **Jenkins**. Thank you, Mr. Chairman.

Thank you, Mr. Rodriguez.

I'm sure most of the questions have already been asked while I have been over voting, so I don't want to repeat questions that have been asked before, but I have observed you during your testimony, read your deposition, and it appears to me that you were extremely concerned about the people on the ground down there that were actually involved in this conflict, that you were concerned about their welfare——

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. About the equipment that they were using, about the fact that their lives were constantly placed in danger in ill-equipped old aircraft.

Is that generally correct?

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. And I also understand that with your many years of experience in the CIA and your familiarity with the people there, having gained their confidence, being the liaison person down there for Colonel North, and that the operation that you commenced to see the personalities that were running the supply operation and it gave you great concern, did it not?

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. It gave you great concern because you knew from your past experience that Quintero—that some of the Wilson crew might very well take advantage of the situation and make some money; isn't that correct?

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. And you thought the local people were simply getting—the troops were getting ripped off, and you felt obligated to try to stop it, didn't you?

Mr. **Rodriguez**. Yes, sir. I felt responsible they were there.

Mr. **Jenkins**. Did you ever work for Mr. Wilson or with Mr. Wilson yourself?

Mr. **Rodriguez**. No, sir.

Mr. **Jenkins**. You never did?

Mr. **Rodriguez**. I met him but I never worked with him.

Mr. **Jenkins**. I see. And you really had only two contacts within the U.S. Government in high places in which to express your dissatisfaction, your concerns, and that was Colonel North, and you did express those concerns to him.

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. And your other high source was the Vice President's office, and you did express your concerns to Mr. Gregg, isn't that correct?

Mr. **Rodriguez**. Yes, when I felt I could do that.

Mr. **Jenkins**. And as you had the opportunity to talk with the Vice President, apparently you did not feel that you ought to talk about this directly with him; is that correct?

Mr. **Rodriguez**. Well, the meetings I was with the Vice President, the first one, this thing was not even taking place. The second one was just a briefing on my operation on the helicopter, and I didn't mention anything to him at all on this.

Mr. **Jenkins**. It just seems to me this was the one opportunity you would have to really express your concerns to the Vice President himself, and you didn't follow through on that, and I'm wondering why you didn't.

Mr. **Rodriguez**. Sir, going in retrospect, looking back, the main reason I didn't express it to the Vice President or to Mr. Gregg before, I was very concerned with the aid to these people and it was known to everybody, the people that they were using, it would be the biggest scandal, which it is partially now, and I didn't want to be the one to start the ball rolling in that effect.

Mr. **Jenkins**. You didn't want to bring down another Watergate?

Mr. **Rodriguez**. I didn't want to hurt the Contra program at that time, sir. I just wished that period of time would go by and the Agency would take over the program and start helping the Nicaraguan Freedom Fighters, and it would have been much better for the country if that would have happened.

Mr. **Jenkins**. In your observation of what was occurring, it was obvious there was a lot of infighting with the arms dealers and a great deal of competition for the sale of arms, isn't that correct?

Mr. **Rodriguez**. Well, sir, I was down there. I continued to do my flying operations so I was really not that much aware of all this that has come up now.

Mr. **Jenkins**. Well, with your previous acquaintance with Mr. Clines, your previous knowledge of Mr. Martin, with Mr. Quintero, all of those people were interested at some point, and Mr. Gadd, in making money, were they not?

Mr. **Rodriguez**. Obviously, from what I have seen here, sir.

Mr. **Jenkins**. That was one of their primary purposes for being there, was to make a little money on the sale of arms, wasn't it? All of them.

Mr. **Rodriguez**. It is obvious.

Mr. **Jenkins**. That was obvious?

Mr. **Rodriguez**. It is obvious from what I have seen here, sir, or heard here.

Mr. **Jenkins**. Their number-one objective was to make money, wasn't it?

Mr. **Rodriguez**. Sir, my job down there was completely different. It had nothing to do with any of those buying or selling. I got to learn that gradually through the time I was there and before all of that, even tried to leave the program because I wasn't happy with it.

Mr. **Jenkins**. And various arms merchants were trying to take the trade away from the others, isn't that true?

Mr. **Rodriguez**. That is what has come out now. At that time, when you are in that area and are trying to fly, what I was there for, my helicopter concept, and at the same time helping these people, I didn't have that much time to listen and to hear all of these things that is happening and coming up here now.

Once we are here and this thing already happened, it takes a different perspective. At that point, it was not as important, the fact of everything that was going on, because we didn't know everything that was going on. Now we are aware of a much broader picture we didn't have there. So you have to put me in that concept when I was down there.

Mr. **Jenkins**. Looking back now, with what you know now, isn't it rather obvious there was a great deal of competition amongst the various arms dealers?

Mr. **Rodriguez**. Yes, sir. Absolutely.

Mr. **Jenkins**. And each of them were trying to cut the other out and get a piece of the action for themselves?

Mr. **Rodriguez**. That got apparent here.

Mr. **Jenkins**. I am sorry. I didn't understand that.

Mr. **Rodriguez**. It is apparent that here.

Mr. **Jenkins**. It is apparent that that is correct.

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. You indicated that you had been told that this was a private operation.

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. But a private operation directed and controlled out of Colonel North's office?

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. In the White House or the Old Executive Office Building?

Mr. **Rodriguez**. Yes, sir.

Mr. **Jenkins**. Sort of difficult, I would imagine, to separate one's private duties and one's official duties when it is being conducted out of the office in the Old Executive Office Building, though, isn't it?

Mr. **Rodriguez**. Colonel North was doing it.

Mr. **Jenkins**. He was doing it?

Mr. **Rodriguez**. Obviously.

Mr. Jenkins. If it was entirely a private operation, I could hardly see how there could be a Watergate situation, why everyone would be so disturbed if it was entirely a private operation. Obviously the Government was directly connected, weren't they?

Mr. Rodriguez. Well, sir, my idea of that was when we mentioned that expression to the colonel, knowing all of the publicity the Wilson case had taken and the mere fact to have those people connected with an official, as you say, in the Old Executive Office Building, whose responsibility, one of them, was anti-terrorism, some of the people were involved with Qadhafi, who is a terrorist, it was expression that came to my mind. Not with any other thing in mind that would reflect any other type of opinion.

Mr. Jenkins. What you are really saying, as I understand your testimony in looking back on it, the motive of Colonel North was good in that he was a fighter against communism?

Mr. Rodriguez. Yes, sir.

Mr. Jenkins. But the motive of the people that was operating the entity for him or whomever, including Clines and the people that General Secord employed, their motive was not necessarily to fight communism, but to make a buck, wasn't it?

Mr. Rodriguez. What I expressed, sir, here before was that even if their motives were good, I think it showed a poor judgment using these people, the mere fact of their involvement in the books of Peter Maas and other things that have come out, it would tarnish the operation itself, even if all of what they did was good.

In my opinion, it was sort of bad judgment to use that type of individual in this operation. If it turned out later on—other things were a byproduct of the problem.

Mr. Jenkins. I know nothing about handgrenades and the cost of them, but I was somewhat interested in the $3.00 price versus the $9.00 price. Is that about the going price for a handgrenade, 3 or 4 bucks?

Mr. Rodriguez. I don't know, sir. I never bought one. I just heard that.

Mr. Jenkins. Does that sound in the ballpark to you? Three dollars? Four dollars?

Mr. Rodriguez. I have no idea, but if somebody can sell it for three, I think that is a good price when you compare to selling it for nine.

Mr. Jenkins. If you can sell it for nine, you can make a little money and somebody was doing that, in your opinion?

Mr. Rodriguez. That is what I heard.

Mr. Jenkins. I understand that is what you heard.

But looking back on it, obviously the profit motive was there with all of these people?

Mr. Rodriguez. Yes, sir.

A markup is 30 percent and forgot another zero there.

Mr. Jenkins. That disturbed you because you didn't think that the people that were on the ground were getting a fair shake as far as the equipment?

Mr. Rodriguez. Well, sir——

Mr. Jenkins. And the things they needed?

Mr. Rodriguez. I was hurt because I thought with that same amount of money, instead of having 100,000 handgrenades, those people could have had 250,000 handgrenades. That would help them tremendously.

Mr. Jenkins. At the time you talked with Mr. Gregg and gave him this information, at that point you had decided to cease all activity; is that correct?

Mr. Rodriguez. What, sir?

Mr. Jenkins. You had decided to quit the operation? Was that the time the Ambassador came in and said good things about you?

Mr. Rodriguez. No, sir.

Mr. Jenkins. That was a different time?

Mr. Rodriguez. That was after. When I told him—the incident with the Ambassador was, as I said, on May 1.

Mr. Jenkins. So you feel like you did everything that you could? You reported the perceived corruption and so forth to both Colonel North and to the Vice President's office; isn't that correct? That is the only two people you knew to report it to; isn't that right?

Mr. Rodriguez. Yes, sir.

Mr. Jenkins. Thank you.

Chairman Hamilton. We have completed questions by the principal questioners now. We turn now to others member under the 5-minute rule.

Chairman Inouye?

Chairman Inouye. Senator Hatch?

Mr. Hatch. Thank you, Mr. Chairman.

Mr. Rodriguez, I want to thank you for being here, and I appreciate your testimony. I appreciate the service you have tried to render to your country through all these years and to the people in Central America as well as elsewhere.

Regarding your testimony that $3.00 grenades were being marked up to $9.00 for sale to the Contras, is it correct to say you have no personal independent knowledge of the details of what was actually charged or what the markup actually was; is that a fair statement?

Mr. Rodriguez. Yes, sir. That is what I was told.

Mr. Hatch. You were just told that?

Mr. Rodriguez. Yes, sir.

Mr. Hatch. Your only knowledge, it seems to me from what I have heard, came from Mario Delamico; is that correct?

Mr. Rodriguez. Yes, sir.

Mr. Hatch. And who also was in the arms business with Ron Martin and who was a competitor of Clines and Secord in 1984 and 1985; is that true? Is he the only person who told you that?

Mr. Rodriguez. That is what it looks like.

As I understood, sir, they had that manifest of that and it was shown to Mr. Calero.

Mr. Hatch. In fact, did you know Delamico and Ron Martin were very much in the business of selling arms for profit to the extent of opening up what has been called an arms supermarket in Central America, sort of a cash-and-carry operation? Were you aware of that?

Mr. Rodriguez. Yes, sir.

Mr. Hatch. And it was only from Mr. Delamico you were told of the grenade prices; am I correct there?

Mr. Rodriguez. Yes, sir.

Mr. HATCH. OK.

You didn't attempt to independently investigate these prices that were charged, did you? Or did you have any opportunity to independently investigate that?

Mr. RODRIGUEZ. No, sir.

Mr. HATCH. OK.

In fact, when Mr. Delamico told you about these grenade prices, it was at least several months after the sales were made; is that correct?

Mr. RODRIGUEZ. I didn't know what time he was talking about. He just mentioned in a casual conversation.

Mr. HATCH. Mr. Rodriguez, so the record is clear, did you ever speak directly to the Vice President really about the resupply operation or anything else pertaining to the Contras?

Mr. RODRIGUEZ. No, sir.

Mr. HATCH. Never once to the Vice President?

Mr. RODRIGUEZ. Never once.

Mr. HATCH. How about the President? Did you ever speak to the President?

Mr. RODRIGUEZ. I don't have the honor of knowing the President, sir.

Mr. HATCH. Do you have any personal knowledge as to what the President knew or didn't know about the details of the resupply operation?

Mr. RODRIGUEZ. No, sir. It was never mentioned, the President's name, at all, by anybody.

Mr. HATCH. You never heard rumors about it?

Mr. RODRIGUEZ. Sir?

Mr. HATCH. You have not even heard rumors about it then?

Mr. RODRIGUEZ. No, sir.

Mr. HATCH. OK.

Mr. Rodriguez, I just want you to know, as I said at the beginning of this, that I admire you and your dedication. I think you have a very impressive background. You've gone through a lot for your country. As I understand it, you have spent most of your adult life fighting against communism and government Communist aggression.

Now, despite what may have been some procedural errors and a wrongful process here, which I think almost anybody has to admit was wrong, it seems to me that you are still just as strongly in opposition of the Sandinista Government and the—and what they are trying to do as you were at the beginning; is that correct?

Mr. RODRIGUEZ. Yes, sir.

Mr. HATCH. Now, you have testified that you did not trust General Secord and Thomas Clines because of their prior association with Edwin Wilson.

Now, did you have any direct evidence of wrongdoing on their part or only a suspicion of guilt based on association?

Mr. RODRIGUEZ. No, I have nothing specific.

Mr. HATCH. So it is just basically a suspicion, you didn't like what went on and you basically didn't—you basically had heard about Edwin Wilson and that at least Clines had done business with Edwin Wilson; is that correct?

Mr. RODRIGUEZ. That's correct.

Mr. HATCH. OK. One thing that I was interested in Senator Trible's line of questioning, because he—you know, he brought out there were millions of dollars in the Swiss bank account that weren't sent over to the Contras. I find that intriguing and very interesting, because at the outset of this investigation everybody was outraged that there might have been a diversion of funds to the Contras, and I have to personally say that the fact that there was was certainly an impropriety, and it may certainly, under certain people's arguments, even have been illegal.

But nevertheless, all of a sudden, it seems that the new outrage is that the diversion didn't take place in a bigger amount of money.

Mr. RODRIGUEZ. Yes, sir.

Mr. HATCH. Well, as I listened to Secord, he seemed to indicate he was going to give it to them, but he was concerned about making sure all the bills were paid, any deaths were reimbursed and any other problems, insurance and otherwise, were taken care of before he transferred the monies.

Whether that is true or not remains to be seen, but I think you have heard that, as well; is that correct?

Mr. RODRIGUEZ. That's correct, sir.

Mr. HATCH. Again I just want to thank you for being here. I think you've acquitted yourself well. I respect you and respect what you've tried to do.

Mr. RODRIGUEZ. Thank you, sir.

Chairman HAMILTON. Mr. Rodino?

Mr. RODINO. Thank you very much, Mr. Chairman.

Mr. Rodriguez——

Mr. RODRIGUEZ. Good morning, sir.

Mr. RODINO. Mr. Rodriguez, I, too, have noted a rather distinguished record in fighting communism. Of course, we all applaud this.

We, however, are aware of the fact that there came a time when, notwithstanding the fact that there were individuals who feel very much like you do about fighting communism, and in this case fighting in support of the Contras, you became very, very concerned about the kind of operations that were being conducted and you made it a point to come on up to Washington to see Mr. Gregg; is that correct?

Mr. RODRIGUEZ. Well, after I was accused of stealing the aircraft, yes, sir.

Mr. RODINO. But you did make a point to come all the way up to Washington to see him?

Mr. RODRIGUEZ. At that point, sir.

Mr. RODINO. And you laid out quite a case to Mr. Gregg about some of the things you considered as wrongdoing, the amount of money that was being charged for certain ammunition, certain weapons, and the fact that there was a Mr. Clines involved, and many of these things gave you a great deal of concern; is that correct?

Mr. RODRIGUEZ. Yes, sir. He was very surprised to hear about it.

Mr. RODINO. You came up there to see Mr. Gregg in order to communicate with him so that he, in turn, might communicate this to the Vice President?

Mr. RODRIGUEZ. No, sir.

Mr. Rodino. You expected Mr. Gregg was going to resolve the question for you?

Mr. Rodriguez. I wanted him to know what the problem was at that point in time. I thought that if it was known to the public, it would hurt the Administration. I didn't expect him to tell the Vice President, but I think he did call for a meeting for the appropriate individuals in the State Department and agency and others to voice my concern about it.

I don't think it was the business of the Vice President's office to be involved in that, sir.

Mr. Rodino. You didn't what, please? I didn't hear the last part.

Mr. Rodriguez. I don't believe it was the Vice President's office business to be involved in that. But I think that——

Mr. Rodino. Why wouldn't you consider it the responsibility of the Vice President, who serves as the second chief in— second executive in command in this country, to know what was going on in that administration?

Mr. Rodriguez. Mr. Rodino, they were not involved, as far as I knew, in all of this. At the same time, I think the Vice President has a lot more important things to do than be involved in something of this matter. I strongly believe that today.

Mr. Rodino. Did you expect Mr. Gregg to resolve the question for you? Did you expect him to do something about what you had communicated to him?

Mr. Rodriguez. Well, the main reason why I went up there, if you have ~~read the te~~stimony, sir, it was because Mr. North went to see him and told him there was a plane down there. He wanted to see if he could use his influence for me to release it, if I could do that without explaining in more detail to Mr. Gregg. Because of that, I came up to clarify the situation, sir.

Mr. Rodino. When was it that you went to see Mr. North? Was it before or afterwards?

Mr. Rodriguez. Mr. who?

Mr. Rodino. Mr. North, Colonel North?

Mr. Rodriguez. The 25th of June is when we had that meeting with him.

Mr. Rodino. When was that meeting? Prior to your meeting with Gregg or following?

Mr. Rodriguez. The meeting with North was before I went to see Mr. Gregg.

Mr. Rodino. You had heard from Colonel North when you discussed the matter with him and expressed your disappointment then, as well, and you had heard Colonel North, who at that time was, as you describe in your deposition, viewing the television, and there was a debate going on concerning the Contra issue.

Mr. Rodriguez. Yes.

Mr. Rodino. And it was Colonel North's words, according to you, that he said that some of those bastards were out to get him, but he was safe because the old man was going to look after his ass; is that correct?

Mr. Rodriguez. That's correct.

Mr. Rodino. Let me ask, first of all, I assume that you believed—and if you don't, just tell me—that the old man that Colonel North referred to was the President?

Mr. **Rodriguez**. Well, I think it is everybody's belief of that. Stated in those terms, but it is an assumption of all of us.

Mr. **Rodino**. Let me ask you, this is, of course, only probing. Why do you think Colonel North would make such a statement? Was it that he felt he would be safe from anything? Colonel North could do most anything he wanted to do and the President would just say, fine, that's fine, Colonel?

Mr. **Rodriguez**. I would not speculate on that. You could ask that to Colonel North when he appears here, sir. He will give you a better explanation than mine.

Mr. **Rodino**. Let me go on to something else. That's appropriate. After all, you don't know what Colonel North had in mind. I thought that having listened to what he had to say in the total conversation, you might have drawn your own conclusion.

But let me ask you this: you did say, and you've heard it repeated, that you described this, and these were your words, "this is worse than Watergate" Just what did you mean by that?

You know, when we think of Watergate, we conjure up deception on the part of people high in the Government, as a matter of fact, the President's circumvention of the law, abuse of authority. That's what we think about when we think about Watergate. What did you mean?

Mr. **Rodriguez**. Well, sir, maybe being born in Cuba, we have a different perception of it. I probably didn't realize by saying that it would be making an implication of all I didn't think of at the time.

Mr. **Rodino**. So you don't think——

Mr. **Rodriguez**. It didn't come to my mind an implication of that sort.

Mr. **Rodino**. At this time, you don't think so?

Mr. **Rodriguez**. No. At that time either. I could have said anything. It is just the thing that came to my mind without any other thought about it. Without any more implication or because I had any other thing in mind that I would relate and use Watergate specifically. I could have said another thing.

Mr. **Rodino**. My time is up. Thank you very much, Mr. Rodriguez.

Mr. **Rodriguez**. You are welcome, sir.

Chairman **Inouye**. Senator Cohen?

Mr. **Cohen**. Mr. Chairman, a few moments ago it was suggested that Congress somehow is inconsistent in its outrage and therefore that casts some doubt upon the credibility of Congress. The fact is that Congress was outraged that funds were improperly diverted for the benefit of the Contras. The Congress didn't want money to go to the Contras that came about as a result of a covert sale of U.S. assets.

There was also outrage that those funds—not enough funds were being diverted to the Contras in the sense that Congress didn't want private individuals to line their pockets at the expense of the Contras or anyone else as a result of the improper sale of those assets.

The heart of the matter, Mr. Chairman, is that the administration may have been engaged in forming a construction unit designed to dig a tunnel under the DMZ into Nicaragua, the DMZ being the United States Congress, and that's really the issue that we are trying to debate here, not whether or not Congress is consistent or inconsistent in its application of outrage.

Mr. Rodriguez, you mentioned yesterday the name of Ramon Medina. Who is Ramon Medina?

Mr. RODRIGUEZ. Ramon Medina is Luis Pasado Carilles. He is a friend of mine, and you know the story that he escaped from a country.

Mr. COHEN. I am sorry?

Mr. RODRIGUEZ. You know the story that he was an individual who escaped from the country. He was a man that I considered honorable, an individual that—for one reason or another didn't have a proper legal procedure where he was. During 10 years, he had been waiting for a trial. He was acquitted at one point in time and without being proven guilty, he was still in jail for 10 years waiting, which would be outrageous in this country for any court to do that.

I helped him. I am responsible for him to be there. Nobody else. I don't regret what I did, sir.

Mr. COHEN. The question was raised about Mr. Ron Martin. Were you ever paid or received any benefit from Mr. Martin or his organization?

Mr. RODRIGUEZ. No, sir.

Mr. COHEN. OK.

Mr. RODRIGUEZ. I heard allegations from Mr. Dutton to that effect, but it was not. I was also outraged to hear they would have any doubt I was passing information through the Avirgan-Honey case. Not even Fidel Castro would believe that.

Mr. COHEN. Let's talk about the Honey-Avirgan case. In your deposition, you indicated back in the spring of 1986 that a decision had been made as a result of that law suit here in Washington to have Colonel Dutton retire and take over the management of the operation.

Mr. RODRIGUEZ. Yes.

Mr. COHEN. Whom did you hear that from?

Mr. RODRIGUEZ. What?

Mr. COHEN. How did you hear this? From whom did you hear this, that he was asked to retire, Colonel Dutton?

Mr. RODRIGUEZ. I heard mention that down there from, I think, Quintero, one of the pilots, they were bringing him aboard and asking him to retire. It was just a comment. I didn't pay much attention to it.

Mr. COHEN. When they said they are asking him to retire, who did you think that meant?

Mr. RODRIGUEZ. Colonel Secord.

Mr. COHEN. Colonel Secord?

Mr. RODRIGUEZ. General Secord. Excuse me.

Mr. COHEN. General Secord is asking him to retire. You didn't give it any thought beyond that?

Mr. RODRIGUEZ. No, not at all.

Mr. COHEN. Did you ever during the course of your activity in Central America ever cooperate with either Honey or Avirgan?

Mr. RODRIGUEZ. No, sir. I never even knew what they are. I wouldn't even know what he looked like.

Mr. COHEN. Did you ever leak information to them?

Mr. Rodriguez. I don't think I would leak information to anybody against my country. They are as Communist in my belief as the Nicaraguans are.

Mr. Cohen. Did you have phone conversations with them?

Mr. Rodriguez. No, sir.

Mr. Cohen. Did you confront Colonel North at that meeting in Washington when they suggested they had conversations, taped conversations?

Mr. Rodriguez. They never suggested that to me, sir.

Mr. Cohen. They never suggested that.

Mr. Rodriguez. No, sir.

Mr. Cohen. Colonel North never confronted you with the fact you were suspected of leaking information to the opposition?

Mr. Rodriguez. No, sir. He told me I was a security risk because I was talking on open telephone lines. I asked him to prove it, and I would sign a release for a U.S. agency, not only to him but to make it public, and to prove to me that I was a security risk.

Mr. Cohen. He must have indicated to you he had evidence that showed you had been talking too much on the open phones.

Mr. Rodriguez. That is the only thing he said. He didn't say to whom or what effect.

Mr. Cohen. He never offered to substantiate the allegations?

Mr. Rodriguez. No, sir. I don't think he will ever believe that I would talk to Honey or Avirgan.

Mr. Cohen. Did you ever raise this issue with Mr. Gregg at a subsequent time, the fact that you were—your credibility or your allegiance or loyalty was called into question?

Mr. Rodriguez. It was never a matter of loyalty. It was a matter of security risk as far as talking too much. I don't know if I did or not, sir. I have no recollection. I might. But not of the legality.

Mr. Cohen. Did either General Secord or Colonel Dutton suggest that you were trying to sabotage the operation and undermine the support of the Central American general?

Mr. Rodriguez. They never told me, sir. I just found out here when he said it.

Mr. Cohen. Thank you very much, Mr. Rodriguez.

Mr. Rodriguez. You are welcome.

Chairman **Hamilton.** Mr. DeWine?

Mr. DeWine. Thank you very much, Mr. Chairman.

Mr. Rodriguez, thank you for your testimony today and yesterday.

Let me go back to your testimony this morning. You testified that while in your host country, in Central America, there was a Nicaraguan and that Nicaraguan had been given false identify, had been sent into that host country and had in fact been trained in Cuba; is that correct?

Mr. Rodriguez. That was not a Nicaraguan. That was a local from that place that went through Nicaragua.

Mr. DeWine. It was a local——

Mr. Rodriguez. Working with the guerrillas in the country that I was.

Mr. DeWine. In that host country?

Mr. Rodriguez. Right. He was a national of that country.

Mr. **DeWine**. And he had received his training in Cuba; is that correct?

Mr. **Rodriguez**. That is correct, sir.

Mr. **DeWine**. And you were involved yourself in the actual interrogation?

Mr. **Rodriguez**. Yes. He turned himself in with all his equipment. He was a special forces, and I participated in talking to the individual because I know Cuba, and could get more details how they got into Havana and explained the whole details of how he was moved from our area to—through Nicaragua into Havana and from there to a training camp and back into his guerrilla operational area.

Mr. **DeWine**. Just so the record is straight, could you tell us whether or not this guerrilla was trained in the high art of negotiations? Is that what he was trained to do? Or was he trained to go in and kill people and cause problems in that country?

Mr. **Rodriguez**. He was trained to be the most sophisticated, to kill people and sabotage and he was called the special forces of the guerrilla. They are very highly trained for a special operation.

Mr. **DeWine**. Mr. Rodriguez, you have lived a very unusual and very interesting life. It is a life that is different or foreign to most of us, and I think virtually every other American.

If I read your biography correctly, and understood your testimony, and if my math is correct, you were involved before the Bay of Pigs, actually.

Mr. **Rodriguez**. That is correct.

Mr. **DeWine**. And I guess you were a teenager at that time; is that correct?

Mr. **Rodriguez**. Seventeen years old.

Mr. **DeWine**. Seventeen. And since the time you were 17, you have been involved in fighting Communists in Southeast Asia, you have done it in Latin America, you have done it in Central America. You spent virtually your entire life doing that.

Could you share with us what motivates a man to leave his family, to engage in an occupation like this that obviously does not have a great deal of financial rewards connected with it?

Why did you do that? Why have you done that?

Mr. **Rodriguez**. Sir, I will give you one example that I gave the committee, which is very hard. A lot of people do not understand it.

I will give you an example. When I left Cuba, I had sort of a sister. And we grew together.

And because of the Castro situation, we were separated and after so many years—and we were very close. Because I am the only child in my family, today if I see her, I do not know what to tell her.

It is very hard when you lose your country. You have to separate from the place that you love, where you were born, and you create, or in my case, it creates a tremendous desire that this will not happen anywhere else. And I still have the hope that some day I will return to Cuba, to a free Havana.

I decided at that time that I would do everything in my power, not only to help other countries, but to keep in mind that one day we will go to a free Havana, that will be to the best interests, not only to us, also, but also to your country, our country.

I lost a lot of people in Cuba. When we went in with 35, in the infiltration team, 25 were captured, 15 were executed, and 10 were imprisoned. They just left a few years ago, were allowed to leave the country.

I was one of the lucky 10 that made it to the Venezuelan Embassy. If I was safe, I felt a responsibility to those who died for the same cause before, and I made up my mind to continue this fight until Cuba is free.

Mr. **DeWine**. Mr. Rodriguez, I am sure everybody in this room shares your wish. I appreciate your testimony very much.

I have one last question in an area that I am a little confused about. You testified, I believe, if I heard you correctly, that Mr. Dutton was going to compromise U.S. officials to get further protection under the Neutrality Act.

Did I understand you correctly; is that what you said? If you did, would you elaborate on that?

Mr. **Rodriguez**. I think he was taking a legal position about it. Actually, he inherit a problem when he was calling to join this operation.

I feel sorry for the colonel to a point. He was taken out from active duty. He joined this situation, and he wanted to make sure that he was legal.

So the way the lawyer explained it to him was he needed certain factors to be legal and that was what he pursued at that time.

Mr. **DeWine**. But the term "compromise," how are you using that term?

Mr. **Rodriguez**. Well, I would say he was told for him to be legal, he had to receive in every operation the approval of a U.S. Government official. And they as civilians were working for a government project, it would be legal. I didn't feel that—he probably felt North alone didn't make this operation legal.

He needed people like Colonel Steele, the Ambassador and other officials to support the operation, to feel comfortable and legal in it.

Mr. **DeWine**. My time is up.

Thank you very much.

Mr. **Rodriguez**. You are welcome.

Chairman **Inouye**. Senator Sarbanes?

Mr. **Sarbanes**. Mr. Rodriguez, I want to give you an opportunity to respond to something that Colonel Dutton said in his deposition. I want to read what he said, then I would like you to address it.

Mr. **Rodriguez**. Yes, sir.

Mr. **Sarbanes**. The question put to him, "What were your general impressions of Felix Rodriguez?"

And he responded,

> My initial impression was that he was influential both in San Salvador with some very high—the vice president, since it didn't take him long to tell me about that.
>
> *Question*. You gained that impression from him not the vice president?
>
> Answer. Right. As it turned out, he became a major problem in the conduct of the operation. He interfered with the operation, the operational side of it. He wanted as much control of the money as he could. He wanted a $10,000 emergency fund that he himself could use.

He wanted control over our fuel fund. He wanted to be the big man in charge. He did not want to work for somebody else. He also had asked for Xerox machines and refrigerators and all sorts of things that he was keeping down there in his room and——

Question. What did you consider were his motives for doing this?

Answer. Money.

I would like you to just address those.

Mr. RODRIGUEZ. Thank you for giving me the opportunity to answer that, sir. The part about the $10,000 we talked about, it was the 17th of the month and we didn't even have the funds to pay the houses we were responsible for down there, because they were very late in giving the funds. And it was outrageous to us to know there was so much money in the bank and we were just there having to give excuses to a lot of people to be able to pay the houses we were renting for these people late.

There were times when the plane went out and they used the funds given to the houses, which I did not manage. Mr. Medina managed. They had to take it from us to take it in the plane to pay for the fuel in the south country.

So I sent—let me give you a message that I prepared here.

Mr. RODRIGUEZ. All right, sir. On the 17th of July of 1986, I sent message number 71, at 1445 hours local from down there, and I sent it to—let me get it right here, sir.

I sent it to Mr. Quintero in Miami, and it reads expenses need right now, tell Bill house "A" spent $1,119 in telephone bill, second house spent $1,870.77 in telephone bill. The other house was another $1,000. Telephone bill in house here, $693. Salary for drivers and mates, gave the amounts, all the fuel and repairs, and everything was overdue now for 17 months, and I put in paragraph 3, there is no contingency fund in this amount, please consider U.S. $10,000 which will be used for out-of-country fuel oil or any repair expense, also if any accident or sicknesses of our personnel, for legal and medical fee. So far we have been lucky.

So they were using the fund, they gave it for the houses, expenses for fuel sometime outside the country when they need it, and we had the responsibility to pay the houses in the country, and I didn't plan at any point in time to use it as a personal—I never did—and it was at the very end because we were getting a lot of calls from the owners of the houses and we were not paying our bills, because they did not send it in time.

Mr. SARBANES. So you absolutely reject the view that your motives for doing this were money?

Mr. RODRIGUEZ. Absolutely, sir.

Mr. SARBANES. Do you think that Colonel Dutton and General Secord were in this enterprise for profit?

Mr. RODRIGUEZ. Sir, I think that the final outcome of this testimonies—and you have ten times more facts than I do—will produce a judgment to that effect.

I don't know why, when people are down—like I said before, to pass judgment on them. I don't believe it is proper for me to do that.

Mr. SARBANES. But you suspected it at the time and it was one reason you wanted to drop out of the operation, was it not?

Mr. RODRIGUEZ. Yes, sir.

Mr. **Sarbanes**. Now, the other question I want to put to you is—and you may have answered it; I had to go to a roll call—whose decision was it to place guards on the airplanes in order to assure that they were not taken away?

Mr. **Rodriguez**. That was my decision, sir.

Mr. **Sarbanes**. And you had the authority to put them on?

Mr. **Rodriguez**. Well, I consulted with the Nicaraguan people, the FDN who was being resupplied, and we agreed, they wanted to make sure also that they considered it to be their plane, because it was donated for them and they wanted to make sure that nobody took it away. It was a joint decision.

Mr. **Sarbanes**. And did Colonel Dutton oppose that? What was his reaction to your placing armed guards on these planes?

Mr. **Rodriguez**. I don't think we ever mentioned it to him. We just put a guard on board and that was it.

Mr. **Sarbanes**. You just went ahead and did it?

Mr. **Rodriguez**. Yes, sir.

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Courter.

Mr. **Courter**. Thank you, Mr. Chairman.

Mr. Rodriguez, thank you for being here again today. I have enjoyed your testimony very much. I find it quite ironic that some people are very, very interested and think it's germane to talk about a motive when the subject is money, but when the subject is commitment to principle, motive somehow is irrelevant to these proceedings.

It is very germane and important to talk about motive as to what might have motivated Oliver North's statement about the old man, but what motivated him in the very beginning—in the very beginning with regard to his commitment to the Contras, is somehow irrelevant. At least, that is what I get from some of the discussions in the cloakroom around here.

I think that motive is important not only with respect to money, but also with respect to your actions and some other individuals.

You showed a flag not long ago. I am not asking you to take it out. I don't think we need to do that. But you were not close to the microphone when you described it.

Would you describe, number one, what color it was. I think we could all see that—but, number two, what the symbols were on both sides of it, and therefore what its meaning is to you and why you brought it?

Mr. **Rodriguez**. Yes, sir.

That's a red flag that was captured in one of the guerrilla camps in the area where I was in Central America. You have the name of the guerrilla groups, supposedly nationalistic in the country, and it had on one side the emblem of the Soviet Union, which is what they fight for, and they inspired them.

Mr. **Courter**. Where did you get that flag?

Mr. **Rodriguez**. I captured that, sir, with local troops in one of my operations with a helicopter on the 7th of November 1985 in a place called La Stabla in the country where I was.

Mr. **Courter**. In other words, you are saying that was kind of tangible evidence of your knowledge that that movement indeed was a Marxist-totalitarian movement you were working against?

Mr. **Rodriguez**. Yes, sir. No question in my mind.

Mr. **Courter**. We know clearly by your history, your commitment, as you indicated, to liberty and democracy, your concern about losing your own country to freedom, that you want to continue the fight for democracy and freedom. We understand that.

Going back to motive again, however, in your work with insurgency groups or against them, in your work in Central America and Latin America—and you spent a great deal of your life—you are somewhat of an expert in totalitarianism, its methods, its information, its tactics.

Did you ever see any evidence of Nicaragua—Sandinistas—or Cuba, present-day Cuba, Marxist Cuba, involved in acts of drug smuggling or terrorism? And I am just wondering whether, if so, that may not be motivating you, as well.

Mr. **Rodriguez**. What I have heard about, sir, in the battlefield that I have been, that was not the case, in the field itself. But, of course, I have heard and I have seen proof of that type of situation, their involvement in the drugs.

As a matter of fact, a long time ago—which has nothing to do with this—there was an individual in Miami that was called upon, I put in contact with authorities, who was called by the Nicaraguan commandante, Ortega, or one of his aides—his aide came to Guatemala, made a call from there, asking him to set up a bank in Panama to launder money, because they thought he needed cash and that would be a good way to do it.

I put him in contact with authority. I don't know what ever happened after that.

Mr. **Courter**. Do you have any knowledge of whether the Sandinistas have been involved in terrorist activities in Puerto Rico?

Mr. **Rodriguez**. No, sir. That has not been my feeling. I hear about that, but I have no knowledge of that first hand.

Mr. **Courter**. How about your knowledge from talking to individuals in Central and South America about the Sandinistas' involvement in insurgencies in Central and South America and—Mexico obviously is in North America—and Mexico, as well.

Mr. **Rodriguez**. There is no question about it, sir. They are.

Mr. **Courter**. Are they getting training from the Sandinista Government, supplies, intelligence, communication equipment, that sort of thing? What type of help and assistance are they getting?

Mr. **Rodriguez**. Well, they are mainly in conjunction with Cuba; they are getting all of this training and supplies from.

Mr. **Courter**. From Cuba?

Mr. **Rodriguez**. Most of the rifles that we have captured down there have been traced back to the Vietnam time. They are using the rifles that were abandoned in Vietnam through the route of the Soviet Union, Cuba, Nicaragua to use it in the areas.

Mr. **Courter**. Finally, Mr. Rodriguez, my time is up, what is the relationship at the present time between the Sandinista Nicaraguans and Cuba?

Mr. **Rodriguez**. It's one extension of the Soviet Union, both of them, sir.

Mr. **Courter**. Thank you.

Thank you, Mr. Chairman.

Chairman **Inouye**. Senator Heflin.

Mr. HEFLIN. In your relations with General Secord and Mr. Dutton, others connected with the airlift, were there ever any discussions that they made pertaining to any arms sale or their activity pertaining to arms sales to Iran?

Mr. RODRIGUEZ. No, sir.

Mr. HEFLIN. You never heard it mentioned?

Mr. RODRIGUEZ. No, never at all. I just learned it when it was in the news here, sir.

Mr. HEFLIN. All right. So, now, the planes that were there and used in the resupply, I believe from what you have testified, is that they flew during the daylight hours. Were they unable to fly at night and, if so, would it have been safer for the planes to have flown at night?

Mr. RODRIGUEZ. Sir, if they had the proper equipment, they could fly at night. I made an effort to buy the infrared equipment for them and in those days flight times we did drop it in—I did send copies to the committee, of the equipment I acquired to send it to them. It was approved the first L-100 that dropped equipment in that area that had the proper equipment, on the second time, they did find the group and they made a very successful air drop. Of course, this one had all the equipment on it.

Mr. HEFLIN. There were flights made at night?

Mr. RODRIGUEZ. If they had the proper equipment onboard, of course. There is no consideration this type of operation to do it in daytime in an area where they have ground-to-air missiles. This would be ridiculous, unless you didn't have any type of good navigation equipment that you cannot do it otherwise.

Mr. HEFLIN. All right. So, now, let me ask you: Did you see the secret airstrip in a country adjacent to—well, did you see the secret airstrip in a country in Central America that supposedly was being used to refuel on flights that might be going over Nicaragua?

Mr. RODRIGUEZ. Would you repeat the question, sir?

Mr. HEFLIN. I don't want to be disrespectful to you or to my native tongue, but I believe we need an interpreter. Well, the secret airstrip, do you know what I'm referring to?

Mr. RODRIGUEZ. Yes, sir.

Mr. HEFLIN. Would you tell us whether that secret airstrip was paved?

Mr. RODRIGUEZ. No, sir. It was dirt.

Mr. HEFLIN. Was it more than just a bulldozed strip of land where a plane could land?

Mr. RODRIGUEZ. Well, sir, the experience was when they first tried to land there, it was a C-123 got stuck and it took about 3 days to get it out with all the equipment in it because it wasn't proper for that type of operation, in my opinion.

Mr. HEFLIN. Well, do you think there was any large sum of money spent on preparing that airstrip?

Mr. RODRIGUEZ. Well, after I saw the pictures that have been in the press, I would assume so, sir, but I have no direct knowledge, just what I read in the paper, being Udall's, Mr. Secord's corporation from Panama, but I have no knowledge of that operation.

Mr. HEFLIN. Now, you are a former member of the CIA, is that right, sir?

Mr. RODRIGUEZ. I was a former.

Mr. **Heflin**. Now, in the CIA, the Director of Covert Activities, would it be unusual for the Director of Covert Activities to come from other than the ranks, in other words, other than having someone who was a career CIA employee or agent?

Mr. **Rodriguez**. I think it would be normally come from the ranks.

Mr. **Heflin**. From the ranks?

Mr. **Rodriguez**. Yes, sir.

Mr. **Heflin**. Would it be unusual if he would come from the outside?

Mr. **Rodriguez**. It would probably be unusual due to the experience required for that job, sir.

Mr. **Heflin**. I believe that's all.

Chairman **Hamilton**. Mr. Hyde.

Mr. **Hyde**. Thank you, Mr. Chairman.

You know, there is an old saying, "He who defines the argument has it half won." I know there is a zeal among some to confine this inquiry to who did what, and ignore why. And I just want to make the point that I think why some of these things were done contributes to a fuller understanding of who and what, and that the nonfeasance of Congress may well turn out to be every bit as important as the misfeasance or malfeasance of certain individuals.

Now, I've never in my life appreciated the rules of evidence more than sitting through these hearings watching witness after witness being asked to interpret the state of mind of somebody else, and tell us what their motives were. We do that, I guess we transfer psychic powers to witnesses and assume they can do that. But, as I say, my admiration for the rules of evidence are reinforced by some of the inquiry here.

Now, Mr. Rodriguez, you participated in the Bay of Pigs fiasco?

Mr. **Rodriguez**. Yes, sir.

Mr. **Hyde**. And I would like to ask you what your impressions were of the effect on morale of the people who risk their lives, encouraged by the United States to go ahead and do this, and then we pull the rug on them; what did that do for their morale? Could you tell us?

Mr. **Rodriguez**. Well, it's very hard especially when there are people in jail and killed, a loss of the credibility of this country.

Mr. **Hyde**. Our credibility as a nation was severely damaged, was it not?

Mr. **Rodriguez**. Right. Our only ally and the one that we trust and the only one that could prevent this thing from happening. We all know the Soviet Union does provide a tremendous amount of help to their allies, and in a lot of cases, like in the case of Nicaragua, you talk to them, what they hear is, just wait until we get a different administration, sweat this one out, then we'll be in good shape. There is a lot of—I don't know if I went beyond my answering your question, but it is what I feel about it.

Mr. **Hyde**. And those people who trusted us and went ashore ended up in jail, didn't they?

Mr. **Rodriguez**. Yes, sir.

Mr. **Hyde**. Those that were still alive. Some of them still over there in jail?

Mr. **Rodriguez**. Yes, sir.

Mr. HYDE. Now, you interrogated a captured guerrilla in this other country in Central America that you were working in——

Mr. RODRIGUEZ. The one that turned himself in and two that were actually captured.

Mr. HYDE. You say he was trained in Cuba; is that correct?

Mr. RODRIGUEZ. That's correct, sir.

Mr. HYDE. Of course, Che Guevara was trained in Cuba and you interrogated him down in Bolivia, didn't you?

Mr. RODRIGUEZ. Yes, sir.

Mr. HYDE. Were these people trained to negotiate or shoot a gun?

Mr. RODRIGUEZ. They were people trained to take over these countries.

Mr. HYDE. By negotiation or shooting a gun?

Mr. RODRIGUEZ. Well, they never—they never went by negotiation, only by shooting a gun.

Mr. HYDE. Now, your concern, I take it, is that the cause of the Contras has been and is being disserved by cynical people whose motives may well not be, whose primary purpose may well not be resisting the projections of Soviet power once more in our hemisphere on the land bridge between Texas and the Panama Canal, but to make a fast buck. If indeed the Contras' cause is helped, that's OK, but their primary purpose is the cynical one of making some money. Now, I assume that that is a great concern of yours.

Now, given that, you still are committed and dedicated to the cause of the Contras, are you not?

Mr. RODRIGUEZ. Yes, sir.

Mr. HYDE. You believe that the only chance democracy and freedom has in that little torn country of Nicaragua is to keep the military pressure on the Gestapo of the left, that the Contras are willing and eager to do if only we will support them and not pull the rug on them; is that correct?

Mr. RODRIGUEZ. Absolutely, sir.

Mr. HYDE. And that combined with a conviction that we're there to stay, that our support will persist, not change from month to month or from session to session, combined with economic pressure and political pressure from the Organization of American States, who may well develop some hutzpah, because we are there and we're going to stay there, that will get rid of the Sandinistas as Somoza was toppled. Would that be your idea as well as mine?

Mr. RODRIGUEZ. I agree with you, sir, yes.

Mr. HYDE. Thank you very much.

Thank you, Mr. Chairman.

Chairman INOUYE. Senator Boren.

Chairman HAMILTON. Excuse me, Senator Boren, before you begin, the bells have rung for another vote in the House. The members of the House will be excusing themselves. Proceed.

Mr. BOREN. Mr. Rodriguez, could you tell us about the lapel insignia that you are wearing?

Mr. RODRIGUEZ. This one on top, sir, is the intelligence star for valor from the CIA.

Mr. BOREN. That is a decoration that the CIA presented to you for courageous behavior and service?

Mr. RODRIGUEZ. Yes, sir.

Mr. BOREN. I think none of us doubt your commitment, your commitment to the cause in which you have been involved for so long, and we appreciate that commitment very much. You had a very deep concern about the safety of those who were involved in this operation; is that correct?

Mr. RODRIGUEZ. Yes, sir.

Mr. BOREN. Did you feel that sufficient attention was being given to the safety of those people who were flying the planes and the crews during the conduct of the operation?

Mr. RODRIGUEZ. No, sir. And the letter that appeared in one of the exhibits proved it.

Mr. BOREN. Following along with what Senator Heflin asked you, you said that some of the planes were equipped with avionics that would enable them to fly at night, but I gather that many of the planes, through much of the operation, were not equipped with such avionics; is that correct?

Mr. RODRIGUEZ. The avionics were old and very erratic and the report they had, they had a tremendous amount of error because they were very old.

Mr. BOREN. So that is what made it necessary, very often if you were going to have accurate drops to have to take these extreme risks of making these drops in the daytime; is that correct?

Mr. RODRIGUEZ. Absolutely, sir. When they almost crashed at one time is because of the avionics. They were about 10 miles off the route south in that country where they almost—well, they did hit the trees on top of a mountain.

Mr. BOREN. Would it have been very expensive to have put adequate modern avionics in those planes?

Mr. RODRIGUEZ. For the amount of money that existed, it would have been very cheap in my opinion, sir.

Mr. BOREN. What kind of dollars are we talking about to have done that?

Mr. RODRIGUEZ. I would say per planes it would be probably under $100,000.

Mr. BOREN. Under $100,000 to have——

Mr. RODRIGUEZ. A good radar and good navigation equipment.

Mr. BOREN. That would have greatly increased the safety of those like Mr. Cooper and others who tragically lost their lives?

Mr. RODRIGUEZ. Yes, sir.

Mr. BOREN. How did you feel when you heard General Secord testify that he and Mr. Hakim in the principal account still had $1.5 million, and I believe $6.5 million, according to the figures in his testimony, in other various accounts of the enterprise that were not being committed? How did you feel about that when you reflect on the lack of safety precautions that were being taken for the pilots?

Did you have any reaction when you first learned that?

Mr. RODRIGUEZ. Yes, sir, I was surprised to hear that amount of money was available, and you have heard how little we were receiving down there. At the time it was sort of, you know, we were just sort of getting this little by little. Our understanding was that it was coming from donations. It didn't arrive this month, and they were very, very short on funds.

Mr. **Boren**. Had you known that amount of money was sitting in those accounts at the time that you were trying to get that equipment to make that operation safer, would it have made you angry at the time?

Mr. **Rodriguez**. Yes, sir. And probably we would not have lost that plane that we did.

Mr. **Boren**. Let me ask, on reflection of course, as Mr. Coors, Mr. O'Boyle and others have testified here, they donated those planes, I think, to use Mr. Coor's exact words, "I intended to give that plane to the Freedom Fighters and not to Dick Secord." I think that was an exact quotation.

Mr. **Rodriguez**. Yes, sir.

Mr. **Boren**. So in retrospect we know the donors intended to give the planes to the Contras and not to the enterprise, as it has been called. Did the Contras at the time that the operation was going on and during this time that you placed guards, did they themselves believe that these aircraft had been donated to them?

Mr. **Rodriguez**. I explained that to them, sir, that it was my belief it was a donation for them and that is the understanding Bermudez and other people had down there.

Mr. **Boren**. So Bermudez was also concerned that they might lose the aircraft which they felt really belonged to them?

Mr. **Rodriguez**. Yes, sir. I spoke to him on the 27th of July. That's the only time I went to visit him. We discussed it.

Mr. **Boren**. Did you discuss with him or other Contra leaders the placing of guards to make sure the planes were not taken out of support for the Contras?

Mr. **Rodriguez**. At that time that I talked to him we already had placed the guards, and when I talked to Bermudez on the 27th of July to make sure to see we would get their people to be trained in those aircraft, so when the time came for them to take over, they could continue——

Mr. **Boren**. So Bermudez was in agreement with you that this action should be taken to make sure that the Contras got to keep the aircraft?

Mr. **Rodriguez**. Yes, sir.

Mr. **Boren**. Do you know General Singlaub either personally or by reputation?

Mr. **Rodriguez**. I have a high regard for General Singlaub and met him once in the area where I was.

Mr. **Boren**. Based upon your knowledge of him and your general knowledge of the reputation of General Singlaub and your knowledge and dealings with General Secord and his reputation, if you were going to be purchasing arms or doing business with either General Singlaub or General Secord in terms of trying to get maximum benefit to the Contras, which one of the two would you decide to do business with?

Mr. **Rodriguez**. Always go for the one that will give me two for the price of one.

Mr. **Boren**. And so which individual would that be that you would want to do business with, General Secord or General Singlaub?

Mr. **Rodriguez**. General Singlaub, sir.

Mr. Boren. Because you are convinced he had a sincere commitment to the cause?

Mr. Rodriguez. Yes, sir, and it was to the best interest of the Nicaraguan Freedom Fighters to receive as much as possible with the least amount of money available.

Mr. Boren. Thank you very much. Thank you, Mr. Chairman.

Chairman **Hamilton.** Senator Rudman?

Mr. Rudman. Thank you, Mr. Chairman.

Mr. Rodriguez, you have in front of you an exhibit which is marked 6. It is not in the book. It is not in the book, Mr. Rodriguez.

It is right on the table in front of you. That represents an invoice to Lake Resources, Inc. from East, Inc.

Let the record show that East, Inc. was a corporation formed by General Secord and his associate, Mr. Hakim, but nominally owned by Mr. Gadd.

And Lake Resources is a Secord-Hakim Company. The reason I want to look at this exhibit with you is that there seems to be some misunderstanding about why some members of this panel are very interested ~~in how~~ the money was used.

What the point is, of course, is that I think you understand, Mr. Rodriguez, that when you privatize foreign policy, be it selling arms to Iran or helping the Contras through all these private sources, things go awry, and the policies don't get executed. And, in your situation, people that needed equipment didn't get it.

I want to go through this invoice with you because you have been talking about hand grenades. You didn't have personal knowledge. Here are some things you have personal knowledge of that will show, I think, vividly what some people on this panel are concerned about.

If you turn to the first page of it you will notice it is a billing called "second billing support" and there are some names on it—Bolton, Smet, Smith, Wilson, Sawyer, Pinard, Harrington, McCulley, Hughes and Von Haven. Did you know those people?

Mr. Rodriguez. Some of them.

Mr. Rudman. They were pilots and handlers?

Mr. Rodriguez. Yes, sir.

Mr. Rudman. Do you happen to know what they were paid?

Mr. Rodriguez. Sir, they never discussed that with me, but I think it is a matter of record that Hasenfus said he was paid $3,000 a month.

Mr. Rudman. That is correct. As a matter of fact, the pay varied between $3,000 and $4,000 a month. Now what was happening here is that Lake Resources, which had money from the diversion of the Iranian arms sales, as well as from the other donations from other places, billed people at the rate of $450 a day.

This bill was from Mr. Bolton for 31 days, if you look at it, $450, for about $13,950. So they were billing that gentleman's time at around $14,000 a month, and he was getting paid about $3,000 a month; is that correct?

Mr. Rodriguez. If that was the case, yes, sir.

Mr. Rudman. And, in fact, the others were either pilots or freight handlers; am I correct?

Mr. Rodriguez. Uh huh.

Mr. **Rudman**. And this committee does have records to show the pay was between $3,000 and $4,000 a month?

Mr. **Rodriguez**. That is right.

Mr. **Rudman**. If you look at page 1 and page 2, and go through the entire 6 pages, you will find, will you not, Mr. Rodriguez, these people were all being billed at $450 a day?

Mr. **Rodriguez**. Yes, sir.

Mr. **Rudman**. You know for a fact they weren't getting paid that?

Mr. **Rodriguez**. Not to my knowledge, no.

Mr. **Rudman**. Well, not to the committee's fact either.

Mr. **Rodriguez**. Right.

Mr. **Rudman**. If you look at the first page you will find the total bill is $100,000?

Mr. **Rodriguez**. Yes, sir.

Mr. **Rudman**. By my calculations it is somewhere between $40,000 and $50,000 worth of profit on that one invoice?

Mr. **Rodriguez**. Yes, sir.

Mr. **Rudman**. And we know that Mr. Gadd nominally worked for General Secord although he was named as president of East. East did not own those airplanes, though, did they, Mr. Rodriguez? East, Incorporated, did not own the airplanes?

Do you know who owned the airplanes?

Mr. **Rodriguez**. I understand General Secord was Udall Corporation.

Mr. **Rudman**. That is correct. So even though East theoretically was set up, General Secord and Mr. Hakim didn't put the prime assets in that corporation. They were put in Udall Inc., and money was funneled from Lake down to East to pay for the expenses of the planes owned by Udall, essentially all owned by Mr. Hakim and General Secord.

I think the position I take here, Mr. Chairman, is if these witnesses come forth and say they are here for patriotism and profit, to use Senator Trible's words, that is fine. But I kind of get a little bit bewildered when people come up here and testify they were just doing this for great patriotic reasons when the records are absolutely contrary. Now, let's turn to the airplanes just for one moment.

General Secord has become a columnist, he is now writing columns for national newspapers. In this morning's *Wall Street Journal*, he accused the committee of all sorts of outrages and says that we have proof positive that these airplanes were the Contras' and we had it before us.

Why again did you find it necessary to take the extreme step of putting armed guards with automatic weapons on these flights, on these Udall Corporation airplanes? Will you tell me why again?

Mr. **Rodriguez**. We had a strong feeling, sir, at the point in time when they decided they could not continue with the operation, they would take them away with them. It was our strong feeling these belonged and were donated for the Nicaragua Freedom Fighters.

Mr. **Rudman**. So as a matter of fact, you discussed this with the Contra leaders?

Mr. **Rodriguez**. Yes, sir.

Mr. **Rudman**. And they felt these assets belonged to them?

Mr. RODRIGUEZ. Well, when they had the meeting with Colonel North he told them these were donations. They took it as granted that these donations for things belonged to them.

Mr. RUDMAN. In fact, the memorandum of diversion of Colonel North indicates clearly the intention was to divert money to the Contras, right or wrong?

Mr. RODRIGUEZ. Right, sir.

Mr. RUDMAN. You had to put armed guards on these aircraft because quite frankly, you were afraid they would be stolen, to put it in plain words. Am I correct?

Mr. RODRIGUEZ. What, sir?

Mr. RUDMAN. That they would be stolen?

Mr. RODRIGUEZ. Yes, sir.

Mr. RUDMAN. From the Contras, who they belonged to?

Mr. RODRIGUEZ. Yes, sir.

Mr. RUDMAN. So they were not only arms dealers, but they were making $50,000, $60,000 on people who were risking their lives, so they were arms dealers and they were also flesh peddlers, where they not, Mr. Rodriguez?

Mr. RODRIGUEZ. That is what it would look like with these papers, sir.

Mr. RUDMAN. Thank you.

Chairman INOUYE. Senator McClure?

Mr. MCCLURE. Thank you very much, Mr. Chairman.

I have a great deal of respect for Senator Rudman, but I am a little puzzled by the characterization on this last invoice, because I, too, can read the invoice, but I don't know what period of time it covers.

It says for a period ending, and I don't know how much these people flew nor what days they flew. I don't know what the other overhead was or how much there was. So the inference that was made may be accurate, but I can't read it from this invoice.

Mr. RUDMAN. If the Senator would yield, I would simply say they are billing for a certain number of days. They are not showing any other expenses.

Mr. MCCLURE. I understand that, but if they were flying 3 days a month and getting paid $3,000 a month, then they were getting paid more than they were recompensed for.

I am not suggesting that is a fact, but I am saying I can't tell from the invoice whether or not it is a fact. It seems to me we have had a great deal of conviction by indirection in some of the testimony before us.

We have had a lot of testimony about advice or contact with Station Chiefs in Central American countries, with State Department personnel in Central American countries, with military commanders in the region as though that were illegal, when I don't find anything in the record that indicates that is illegal.

Yet, a lot of the questioning has been along the line that to make the statement proves its illegality. And I don't see that either on the record.

It may well be true, but that record has not yet been made in my opinion. But, Mr. Rodriguez, let me ask you this question: You never have spoken to the President about the Contra cause, have you?

Mr. **Rodriguez**. I have never met the President, sir.

Mr. **McClure**. Do you have any doubt of his support for the Contras?

Mr. **Rodriguez**. No, sir. That has been expressed publicly by him on TV.

Mr. **McClure**. You have seen the statements that he has made?

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. Or reports of statements that he has made that indicate his support for the Contras?

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. That support has been constant through this entire period regardless of what the Congress may or may not have done during that period of time?

Mr. **Rodriguez**. Absolutely, sir.

Mr. **McClure**. As a matter of fact, that parallels your own views, does it not?

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. You not only agree with the President, I suspect you applaud him for the statements he has made?

Mr. **Rodriguez**. Absolutely, sir.

Mr. **McClure**. And that is in spite of the fact that you have never seen him personally nor talked to him personally about it. Nevertheless, you are satisfied that his aims and yours are at least in part the same?

Mr. **Rodriguez**. Absolutely, sir. I haven't had the honor yet.

Mr. **McClure**. There has been an undercurrent throughout a lot of our conversations, if not in our testimony, and maybe not even the purpose for our hearings that the Contras aren't worth supporting. That they simply can't win. What is your view?

Mr. **Rodriguez**. Sir, I think that if they receive enough help, enough aid, with other factors involved—which I don't think is appropriate to discuss here—they will be able to win without the need of American troops. And if they don't succeed in Central America, if Nicaragua is not contained, I think there will be a rapid deterioration of the surrounding countries, and you will see a lot of—call it exile by the millions coming through Texas if we lose Central America.

There is no question in my mind or anybody's mind that Nicaragua, for the national security of this country, can prevail as a Communist country.

Mr. **McClure**. From your own knowledge and contact with the people you have been in contact with, do the Contras have popular support in Nicaragua?

Mr. **Rodriguez**. Yes, sir. I believe so. Most of them are very low class. They are farmers. That is why most of the Nicaraguan Government tries to evacuate some areas because they are afraid and know these people will join the Nicaraguan Freedom Fighters.

Mr. **McClure**. It isn't just to get them out of the way of the fighting?

Mr. **Rodriguez**. No, sir. It is to prevent them from getting more people in the Nicaragua Freedom Fighters line.

Mr. **McClure**. In spite of the difficulties that came from the private effort, and I think a very legitimate criticism has been made over the dangers of trying to move into the private sector for support of a governmental objective, the Contra—what would the Contras have done during the period of time when the Congress had voted to terminate aid if there hadn't been private support?

Mr. **Rodriguez**. Well, sir, a lot of them would have been annihilated, those who stayed, others would have to try to probably come to a safe haven and wait somewhere until they are properly equipped and supported.

Mr. **McClure**. Is it better to have continued an operation even at a reduced level or would it have been better to have just stopped all aid completely both public and private, allowed them to leave the country, and then start the effort again at a later date?

Mr. **Rodriguez**. Sir, this is one thing that cannot be controlled when you are fighting for your country. I don't think it is a decision of anybody to get them out or get them in.

There will be people who feel strongly to continue to fight until they die inside the country. They will stay in that country regardless of the aid received or not.

Mr. **McClure**. I am really getting at what happens to them while Congress debates policies. The Congress and the administration have disagreements, and the funding is started and then stopped, then restarted and then stopped again.

You testified earlier that you have a personal reason for a reaction to being abandoned in the field.

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. That still motivates a lot of your attitudes and reactions today, does it not?

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. In spite of that action on the part of the United States in which you were encouraged to take the field for the Bay of Pigs. That was an official U.S. action, was it not?

Mr. **Rodriguez**. I learned that later.

When I went in, I did it on my own, like all of the other Cubans did. As a matter of fact, we learned what the CIA was after in the Bay of Pigs when it was publicized.

Mr. **McClure**. You were going there on your own, regardless?

Mr. **Rodriguez**. Yes, sir.

Mr. **McClure**. It wasn't because of the United States support that you went?

Mr. **Rodriguez**. No, sir. We saw the United States as an ally who helped and supported us.

Mr. **McClure**. Thank you very much, Mr. Chairman.

Mr. **Rodriguez**. Thank you.

Chairman **Inouye**. Thank you.

Mr. Rodriguez, if I recall, yesterday you testified that you had lunch with someone in the State Department.

Mr. **Rodriguez**. Yes, sir.

Chairman **Inouye**. And——

Mr. **Rodriguez**. He used to be in the State Department.

Chairman **Inouye**. This someone sent you to see Colonel North?

Mr. **Rodriguez**. Yes, sir. That was on the 21st, I believe, the 21th of December—the 21st of December, 1984.

Chairman **Inouye**. Not yesterday?

Mr. **Rodriguez**. No, that was the 21st of December, 1984.

Chairman **Inouye**. Who was the someone?

Mr. RODRIGUEZ. Mr. Bill Boley, a friend of mine who was an assistant to Under Secretary of State for Science and Technology. He knew of my interest in going to Central America. He knew Colonel North had that area in his responsibility. He told me it was a good idea that I would meet—that I should meet with Colonel North.

Knowing I was planning to visit Mr. Gregg at the White House between 4:00 and 4:30 that day, he suggested that I meet with Colonel North, and he did call over the telephone.

I believe he talked to Fawn, his secretary, and made arrangements so when I finished my meeting I could come up and talk to the colonel.

Chairman INOUYE. For the past 2 weeks, all of us have been receiving history lessons on Central America, the Caribbean, and South America. And I think all of the people of the United States should refresh their memories on what has been happening in this area, and I commend you for your dedication and your commitment.

I note that you played an important role in the Bay of Pigs. Did you know Fulgencio Batista?

Mr. RODRIGUEZ. My family did, sir.

Chairman INOUYE. What sort of person was he?

Mr. RODRIGUEZ. I understand he was a man who was very, very poor. He was a worker on the railroad, self—man-made, self-made. He was a sergeant in the Army. He made the military coup and took over the country at one point in time. I was too young then. I just heard by reference. My uncle was a senator at the time.

Chairman INOUYE. He was described by some as the worst tyrant in the Caribbean. Would you agree with that?

Mr. RODRIGUEZ. Sir, at this point in time, I don't think any dictator will bring the stability that a country needs. I am going back a long time. I was very young at the time. So, I really would not have that much of an opinion to be fair about it. But I think a lot of this takes as a consequence of what we have today.

Chairman INOUYE. Was he a dictator?

Mr. RODRIGUEZ. Yes, sir. A lot of people have called him that.

Chairman INOUYE. Do you think the United States should have supported Fulgencio Batista?

Mr. RODRIGUEZ. Sir, I think you have to look at the alternative. If you knew Castro was communism, what is better? What is worse?

Chairman INOUYE. Do you know that at the time Mr. Batista was at his peak Mr. Castro had not appeared yet?

Mr. RODRIGUEZ. Castro appeared, I believe, in 1956, 1954, when the Mucala attack occurred.

Chairman INOUYE. Mr. Batista appeared long before then?

Mr. RODRIGUEZ. Long before then, that is correct.

I think he, in 1933, made a military coup. He ran for election. He lost. He gave it to whoever—whoever won. It was not him. Sometimes people get—later on, probably drunk with power, and it is bad and it is wrong for the country.

Chairman INOUYE. So, you think that Batista was good for the country?

Mr. RODRIGUEZ. There is a lot of opinion among the Cuban community, sir. Some will believe that at the time, of course, it was not—we were looking for a better alternative. As it turned out, Castro was worse than Batista.

Chairman INOUYE. I have another question, sir.

Do you know Robert Owen?

Mr. RODRIGUEZ. I met him twice, sir.

Chairman INOUYE. Are you familiar with the message that he sent to Mr. North on February the 10th, 1986, in which he spoke of drug-carrying aircraft and drug-carrying crews that were hired by the CIA to carry goods into Nicaragua?

Mr. RODRIGUEZ. No, I was not aware of that, sir.

Chairman INOUYE. You have been in that part of the world for a long time. Were you aware of any drugs being transported out of Central America into the United States?

Mr. RODRIGUEZ. No, sir.

Chairman INOUYE. You never heard of that?

Mr. RODRIGUEZ. Well, I have heard of that, but direct knowledge of it, I haven't, or participation in any type of that thing.

Chairman INOUYE. Did you hear of any activity by those contracted by Americans?

Mr. RODRIGUEZ. What I have seen in the paper, sir.

Chairman INOUYE. Other than that, you are not aware of it?

Mr. RODRIGUEZ. No, sir.

Chairman INOUYE. And finally, sir, I gather from your testimony you were so concerned with what was happening out there, which you describe as worse than Watergate, that you made it a point to go to the White House to see Colonel North and Mr. Gregg.

What did you expect Colonel North to do with the information?

Mr. RODRIGUEZ. Sir, when I went to see Colonel North, it was at his request, not at my request. When they asked me to come up there, I explained to them, to make him aware of it.

Then I returned, and when I was accused of stealing the aircraft, as I said in this testimony, I considered it was legal to talk to Mr. Gregg about it, because Congress had approved the aid to the Nicaraguan Freedom Fighters.

I was concerned that this operation could be continued in hands that were not properly managing the program. I came and expressed my concern to Mr. Gregg.

Chairman INOUYE. What did you expect Mr. Gregg to do with the information?

Mr. RODRIGUEZ. Well, I think he called different agencies that had to do especially with the coming program that Congress had approved and made them aware of it.

Chairman INOUYE. Who does Mr. Gregg work for?

Mr. RODRIGUEZ. The Vice President.

Chairman INOUYE. And what did you expect Mr. North to do?

Mr. RODRIGUEZ. I didn't expect anything, sir. I really didn't. Didn't come to my mind one way or the other.

Chairman INOUYE. You were so concerned and so incensed, and yet you told someone expecting him to do nothing about it?

Mr. RODRIGUEZ. Well, I was planning to leave, as I told you before, sir.

Chairman INOUYE. Weren't you dedicated to the cause of the Freedom Fighters?

Mr. RODRIGUEZ. Yes, sir.

Chairman INOUYE. Weren't you convinced that if these changes were not made, it would fail?

Mr. RODRIGUEZ. Yes, sir.

Chairman INOUYE. But you didn't expect anything to happen from your information?

Mr. RODRIGUEZ. I expected that when the Congress took over the program, they would use the agency in this program and this other program that was run at this time with these people would not be a participant of it.

Chairman INOUYE. Well, Mr. Gregg works for the Vice President, but you didn't expect him to discuss this matter with the Vice President?

Mr. RODRIGUEZ. If I were him, I would not, and I don't expect him to do that, sir. Otherwise, I would ask him to.

Chairman INOUYE. And you didn't expect Mr. North to discuss it with anyone?

Mr. RODRIGUEZ. I didn't know what he was going to do, sir. He was very critical of me at the time. So, I had no reason—he didn't accept my concern was valid. The way he expressed it, Mr. Clines was a patriot. So, I just left, like I said here.

Chairman INOUYE. What did you consider Mr. North to be, a very important person?

Mr. RODRIGUEZ. At the time, obviously, he was a very important person, sir.

Chairman INOUYE. Thank you very much.

Chairman HAMILTON. Mr. Cheney?

Mr. CHENEY. Thank you, Mr. Chairman. I will be brief.

Mr. Rodriguez, there is still confusion in my mind over the question of the quality, of the operation, and your concerns about it, and the point at which it changed.

I know there has been reference this morning to FIR no. 6, the document that allegedly shows significant markups on materials that were provided.

I note it is dated March 31 of 1986, and Mr. Dutton, of course, has testified previously that he started with the operation on the first of May of 1986.

Would it be accurate to say that there was an improvement in the operation after Mr. Dutton got involved in it?

Mr. RODRIGUEZ. What I believe, sir, was coincidental that at that time, but that time the airplanes were getting their maintenance up to date. All of this time was taken to repair engines that were old and had too many hours on it.

He arrived at the time when the aircraft were in better shape and could do the job.

Mr. CHENEY. Without giving him credit one way or the other, I don't want to get into the personality conflicts that appear to be involved here, but it is my understanding he fired some of the people involved which you had been critical of previously; is that true?

Mr. RODRIGUEZ. That he fired?

Mr. CHENEY. Yes, removed two of the individuals that were subject to some of the controversy?

Mr. RODRIGUEZ. I don't recall on my account that he fired anybody.

Mr. **Cheney**. We will go back and cover that later in the review of the deposition.

Finally, Mr. Rodriguez, one of the things that obviously we are interested in, is that has been touched upon earlier by some of my colleagues, the on-again-off-again nature of congressional policy and the difficulty of knowing what, in fact, the intentions of the United States were likely to be long term.

You have had a lot of experience in this area. You spent a lot of time on dealing with these kinds of situations and certainly watched circumstances develop in Central America.

Can you comment upon the difference in terms of the perception on the part of the people at the local level as to the long-term commitment of the United States versus, say, the long-term commitment of the Soviet Union?

I note, for example, the Sandinistas were in business for some 17 years before they were successful in overthrowing Somoza. The Soviet Union has supported the Sandinistas since they took power for 7, going on 8 years now with over $3 billion of assistance in the last 4 years, and yet during that same 4-year period of time, we had about five different policies from the Congress?

Mr. **Rodriguez**. Yes, sir.

Mr. **Cheney**. Can you comment upon the impact that has on peoples' willingness at the local level to sign on either for the Democratic forces or the Communist forces?

Mr. **Rodriguez**. Sir, the country that I have served in, through these years, has developed a lot of reservation toward the implementation of the U.S. policies. The inconsistencies of it, because of the different administrations. The Soviet Union had a continuous policy no matter who changes in their hierarchy.

They still pursue and have enough time to pursue their goal which is eventually to take over this country. Everybody is quite aware of that. There are many countries who are very sympathetic with the Nicaraguan Contra cause and some of them sort of, I would say, stay on the fence because they don't know if they will compromise too much and then be left hanging there by the U. S. policies.

Mr. **Cheney**. Thank you very much for your testimony.

Chairman **Hamilton**. Mr. Rodriguez, we thank you very much for your appearance.

The committees will stand in recess until 2:00 o'clock. The witness at 2:00 will be Ambassador Tambs.

[Whereupon, at 11:45 a.m., the Select Committees recessed to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Hamilton**. The joint hearings of the two committees, Select Committees, will come to order.

We begin this afternoon with a new witness, Ambassador Tambs.

Mr. Ambassador, would you stand, please, to be sworn.

Raise your hand.

[Witness sworn.]

TESTIMONY OF AMBASSADOR LEWIS A. TAMBS, ACCOMPANIED BY ROBERT MUSE, ESQ.

Chairman **Hamilton**. Thank you, sir. You may be seated.

Mr. **Tambs**. Thank you.

Chairman **Hamilton**. Questioning of the Ambassador will begin with Mr. Mark Belnick.

Mr. Belnick, I might say to you we may interrupt you in just a few minutes to take a vote on closing the sessions as soon as we have a quorum on our side. You may begin.

Mr. **Belnick**. Thank you, Mr. Chairman.

Good afternoon, Mr. Tambs.

You were the U.S. Ambassador to Costa Rica from July 1985 through December 1986?

Mr. **Tambs**. Yes, sir.

Actually, until about the middle of January 1987.

Mr. **Belnick**. My questions this afternoon will pertain to that period of your service in the government, but before we begin I would like briefly to summarize the highlights of your career with you.

You received your Bachelors Degree at the University of California at Berkeley.

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. And a Masters and Ph.D. at the University of California, Santa Barbara. You served in the U.S. Army between 1945 and 1947 and then again in 1950 and 1951.

Am I correct?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. Then in the following period, you served with a company in Venezuela until you became an assistant professor of history at Creighton University.

Mr. **Tambs**. That is correct, Mr. Belnick.

Mr. **Belnick**. Thereafter, you were an Assistant Professor of History and Associate Professor of History through 1982 at Arizona State University during which time you were also the Director of the Center for Latin American Studies?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. You became a consultant to the National Security Council of the United States in 1982 and served in that capacity for a year?

Mr. **Tambs**. Well, almost a year, sir.

Mr. **Belnick**. Almost a year.

And during that period, did you become acquainted at all with Oliver North?

Mr. **Tambs**. Yes, sir. He was on the staff.

Chairman **Hamilton**. Excuse me for interrupting. Would you pull that microphone very close to you. It is a voice-activated microphone, and it helps if you speak right into the microphone.

Mr. **Tambs**. Thank you.

Mr. **Belnick**. You were appointed the American Ambassador to the Nation of Colombia in 1983 and served there for 2 years until 1985; is that right?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. And I understand, sir, that during your tenure as Ambassador to Colombia, one of your key missions, which you were given by Judge Clark, who was then National Security Adviser, was to do what you could to cut down on the narcotics trafficking from that area to the United States.

Am I correct?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. And that you were asked to urge the Government to take a stronger line with the narcotics traffickers and you did that, and you were responsible, as I understand it, for substantially aiding the cutdown of drug trafficking from that area at no small risk to your own life.

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. And because of your work against the narcotics traffickers in Colombia, you and your family have both been the recipient of threats against your life, including a bombing at the Embassy residence in 1984.

Mr. **Tambs**. That is correct.

Mr. **Belnick**. Is it also true, sir, during that period, Colonel North sent down certain members of the Delta force to help protect you against the threats that were coming your way from the narcotics traffickers?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. In 1985, as we said before, the summer of 1985, you were appointed Ambassador to Costa Rica; correct?

Mr. **Tambs**. Right.

Mr. **Belnick**. Now, sir, in early July 1985, before you left to take up your new post as Ambassador to Costa Rica, did you have a conversation with Colonel North in which he asked you to undertake a certain assignment in your new ambassadorial position?

Mr. **Tambs**. That is correct.

Mr. **Belnick**. Could you tell the committee what Colonel North asked you to do.

Mr. **Tambs**. Colonel North asked me to go down and open up the Southern Front.

Mr. **Belnick**. Was anybody else present in this conversation but you and Colonel North?

Mr. **Tambs**. Not that I recall.

Mr. **Belnick**. Where did the conversation take place?

Mr. **Tambs**. It was in his office.

Mr. **Belnick**. And what did you say to him?

Mr. **Tambs**. What did I say to him?

Mr. **Belnick**. Yes, sir.

Mr. **Tambs**. Well, I don't recall my exact words, but I said, if that is what they want that is what we will try and do, in effect.

Mr. **Belnick**. I am sorry.

Mr. **Tambs**. I say, in effect, that is what I believe I said.

Mr. **Belnick**. All right. Did he say anything more?

Mr. **Tambs**. No.

Mr. BELNICK. What did you understand Colonel North to mean when he said we want you to go down there and open the Southern Front?

Mr. TAMBS. Well, my understanding was—we are not talking about a front, Mr. Belnick, in the sense you had in France in World War I. We are talking about some isolated resistance groups which would distract the Sandinista Army from the area up around the Honduran border, and——

Mr. BELNICK. And what was your instruction to be? What were you supposed to do, as you understood it from Colonel North, to help open that Southern Front?

Mr. TAMBS. Well, as I understood it, Mr. Belnick, first of all, we would encourage the Freedom Fighters who were basically in Costa Rica to fight. And the war was in Nicaragua. The war was not in Costa Rica, and so that is what I understood my instructions were.

Mr. BELNICK. So you understood this to mean you were to encourage them, in effect, open a military front inside Nicaragua?

Mr. TAMBS. Yes, sir.

Mr. BELNICK. All right, sir.

Mr. TAMBS. There was sporadic engagements, but basically the idea was to get them deep inside of Nicaragua or to encourage them to do so.

Mr. BELNICK. And that was your assignment from Colonel North?

Mr. TAMBS. As I understood.

Mr. BELNICK. Yes, sir. Now when Colonel North told you, and I think you used the term, "we want you to open up a Southern Front," who did you understand the "we" to be?

Mr. TAMBS. It was my understanding that he was speaking for the RIG, the Restricted Interagency Group.

Mr. BELNICK. Would you describe what you mean by the Restricted Interagency Group or the RIG?

Mr. TAMBS. Well, that particular RIG dealt with Central America, and it was chaired by Assistant Secretary—he had not been confirmed yet. Let me point that out. It would be chaired by an Assistant Secretary, assuming he had been confirmed, right? It would also include a member from the CIA, Central America task force and additionally a member of the National Security Council.

In this case, it would be the Lt. Col. Oliver North.

Mr. BELNICK. Now the Assistant Secretary of State, then, awaiting confirmation for inter-American affairs was Elliott Abrams.

Mr. TAMBS. That is correct.

Mr. BELNICK. So when you refer to the RIG you were talking about a restricted interagency group that was to be during your tenure in Costa Rica chaired by Assistant Secretary Abrams, correct?

Mr. TAMBS. Yes.

Mr. BELNICK. And the other members of which, as you understood it, were Oliver North representing the National Security Council, correct?

Mr. TAMBS. Right.

Mr. BELNICK. And the Chief of the CIA Central American Task Force?

Mr. TAMBS. Correct.

Mr. **Belnick**. What did you understand was the function of this RIG?

Mr. **Tambs**. It was my understanding that the function of this RIG was to carry out U.S. foreign policy in Central America.

Mr. **Belnick**. Was it your understanding, sir, also, as you have testified before, that this RIG was supposed to help the Freedom Fighters against the Sandinista Government?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Now, you have referred to this RIG as being composed of three persons whom we have identified. Who was it that informed you that there was this three-member RIG?

Mr. **Tambs**. Oh, I don't really recall. It was just general knowledge as far as I knew.

Mr. **Belnick**. Did you ever receive a written instruction that there was a RIG composed just of Assistant Secretary Abrams, Colonel North and the CIA representative?

Mr. **Tambs**. No, I never did.

Mr. **Belnick**. Did the Secretary of State ever tell you that?

Mr. **Tambs**. No.

Mr. **Belnick**. Did Assistant Secretary Abrams ever tell you that there was just a three-person Restricted Interagency Group that was running U.S. Central American policy?

Mr. **Tambs**. Not to my knowledge. Not as far as I recall.

Mr. **Belnick**. Did Colonel North ever tell you that?

Mr. **Tambs**. Yes, I believe he did.

Mr. **Belnick**. On what occasion?

Mr. **Tambs**. Well, I saw him a few times between—what—April or May and July of 1985, and on one of those occasions, if I recall correctly, is that he advised me of that.

Mr. **Belnick**. What, as best you recall it, did he say?

Mr. **Tambs**. Well, he noted that there was a RIG and that he was a member of it, and there were at least two other members. That was the only other people he ever mentioned.

Mr. **Belnick**. Well, did he say this after the conversation in which he said, we want you to open a Southern Front?

Mr. **Tambs**. No, this is something that was just about, I believe, if I recall correctly, that he had told me this earlier, and when Ollie told me that that was what they wished me to do, I assumed that, in fact, was a RIG instruction.

Mr. **Belnick**. But he didn't say specifically in that conversation——

Mr. **Tambs**. No.

Mr. **Belnick**. From whence the instruction was coming; right?

Mr. **Tambs**. If I recall correctly, that is right.

Mr. **Belnick**. Now, you knew that there was also, or that there was a much larger Restricted Interagency Group of between 12 and 15 members that was involved with Latin American policy; isn't that right?

Mr. **Tambs**. I had heard that, but I was never informed specifically of the members who might belong to it.

Mr. **Belnick**. In any event, in your mind or understanding you distinguished the three-man RIG from this larger Restricted Interagency Group?

Mr. **Tambs**. Yes, sir, in my mind I distinguished it from the other.

Mr. **Belnick**. All right, sir.

Did you ever ask Mr. McFarlane whether this three-person RIG had responsibility for Central American policy?

Mr. **Tambs**. No.

Mr. **Belnick**. And you never discussed it either with Director Casey, did you, sir?

Mr. **Tambs**. No.

Mr. **Belnick**. Did you have any conversation, Ambassador Tambs, with Elliott Abrams about this instruction to open a Southern Front before you left for Central American for Costa Rica?

Mr. **Tambs**. No. We had a conversation, but it did not include that particular time.

Mr. **Belnick**. All right.

Now, to go back, the instructions from North, as you have testified to it, was to open a military front against Nicaragua, the Sandinista Government in the south from Costa Rica, right?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Sir, that is not a typical ambassadorial function, is it, opening military fronts?

Mr. **Tambs**. Well, you must understand that the Ambassadors have a very, very broad mission. One of them, of course, is to defend the United States against all enemies foreign and domestic.

And you are undoubtedly aware that the second stanza of the Sandinista hymn opens with the phrase declaring that the United States is the enemy of humanity, so one might suspect to have a certain position regarding the United States.

Mr. **Belnick**. Was this something that had been given to you as an instruction at the Foreign Service Institute, instructions on opening military fronts as an ambassador?

Mr. **Tambs**. I never attended the Foreign Service Institute.

Mr. **Belnick**. Had you received any training at the State Department or expectation that one of your assignments as an ambassador would be to help open military fronts?

Mr. **Tambs**. No, and I never received any instructions I would have to deal with narco-terrorists either, as far as that goes.

Mr. **Belnick**. That instruction in Colombia came from the National Security Adviser; right?

Mr. **Tambs**. It came from Judge Clark, right.

Mr. **Belnick**. Who was then National Security Adviser?

Mr. **Tambs**. Right.

Mr. **Belnick**. This instruction came from Oliver North; correct?

Mr. **Tambs**. Yes. You are talking about the one of the Southern Front?

Mr. **Belnick**. The Southern Front, yes, sir.

Didn't the instruction coming from North seem a bit odd to you?

Mr. **Tambs**. Well, not really.

Mr. **Belnick**. Why not?

Mr. **Tambs**. Well, since I assumed that he was speaking for the RIG, I didn't see that particularly out of line.

Mr. **Belnick**. Was there anything that caused you to question whether a member of the National Security Council staff had the authority to give a mission to a United States Ambassador let alone a mission to open a military front?

Mr. **Tambs**. Well, may I put that in context?

Mr. **Belnick**. Certainly.

Mr. **Tambs**. Mr. North was working for the National Security Council, and obviously my assumption was that any instruction he gave me came from obviously his superiors.

Mr. **Belnick**. I am sorry, sir, were you finished?

Mr. **Tambs**. And consequently, when I was given that I assumed that, in fact, that was an order from his superior; right.

Mr. **Belnick**. Well, did you ask him if your assumption was correct?

Mr. **Tambs**. No. I had known Ollie for some time. He was an honest man, and he is an honorable one, and I just believed—correctly, so far as I am concerned—that it came from his superiors.

Mr. **Belnick**. But you never checked that assumption with him or with any of his superiors—the Secretary of State, the President, the National Security Adviser?

Mr. **Tambs**. I certainly never asked the President or the Secretary of State, no.

Mr. **Belnick**. And never asked the National Security Adviser, right?

Mr. **Tambs**. I never asked him. I never had an opportunity to. You know, Bud was very busy and——

Mr. **Belnick**. Did you try to see him to ask him if North's instruction was authorized?

Mr. **Tambs**. I had no reason whatsoever to do so.

Mr. **Belnick**. You believed that the instruction was authorized?

Mr. **Tambs**. That is correct.

Mr. **Belnick**. All right, sir.

And so you understand that Colonel North, when he said, "We want you to open a Southern Front down in Nicaragua," that Colonel North was speaking for the administration?

Mr. **Tambs**. Yes.

Mr. **Belnick**. And you didn't question his instruction?

Mr. **Tambs**. No.

Mr. **Belnick**. All right, sir.

So that you understood as of July 1985, based on your conversation with Colonel North, that it was the administration's policy that United States officials—you, in particular—ought to push and work for the opening of a southern military front against the Sandinistas in Nicaragua, right?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Didn't you consider that this position was in some conflict with the Boland Amendment then in force?

Mr. **Tambs**. They have a saying in the Foreign Service, is "When you take the king's schilling, you do the king's bidding."

To my knowledge, the Boland Amendment was very limited. It had been passed when I was Ambassador in Colombia, and I have never read it. I hadn't read it then, obviously, and the assumption is on my part—was that if these were instructions that had been cleared, obviously with legal counsel or White House staff, you can't really expect people in the field to be constitutional lawyers, because I think you can see what the implications would be—that if any officer in the field, be he in the Foreign Service or CIA or whatever, if he, in effect, is obliged to check with his own personal lawyer before he carries out an order given to him by a legitimate superior, the entire government is going to come to immobilization and paralysis.

The people in the field who are trying to do a job are going, I think—in every case or in most cases—are going to assume that orders from Washington are legal and legitimate, and I certainly do not want to see the U.S. Government brought to paralysis while people are getting private legal counsel before they carry out orders from their legitimate superiors.

Mr. BELNICK. Sir, the State Department had a legal adviser's office in 1985, didn't it?

Mr. TAMBS. I suppose they still have one in 1987.

Mr. BELNICK. Yes, sir. And they had one then.

Did you go to the legal adviser's office and ask for guidance on what the Boland Amendment permitted and did not permit at that time?

Mr. TAMBS. No, I did not.

Mr. BELNICK. Did you approach the White House counsel on that subject?

Mr. TAMBS. No.

Mr. BELNICK. You did understand at the time, sir, that the Boland amendment prohibited military assistance, direct or indirect, by the U.S. Government to the Nicaraguan Freedom Fighters; you understood that?

Mr. TAMBS. As it is my understanding of the Boland Amendment, it forbade use of appropriated U.S. Government funds to aid the Freedom Fighters, and any aid in opening a Southern Front would come from what we casually called "private, patriotic Americans," and obviously, neither I nor anyone in that mission, as far as I was concerned, was going to violate the law.

But if private individuals were going to aid the Freedom Fighters, that certainly was their business.

Mr. BELNICK. Sir, you were an employee, an official of the U.S. Government as Ambassador to Costa Rica, correct?

Mr. TAMBS. That is correct.

Mr. BELNICK. And one of the things that you were asked to do and that you did do, as you will testify, was to help open a southern military front in Nicaragua, correct?

Mr. TAMBS. It is correct in the sense that I aided the private, patriotic Americans. Neither I nor any officer from that mission was involved in actually opening it up.

Mr. BELNICK. Did you meet with military leaders of the Contras?

Mr. TAMBS. No. I never did.

Mr. BELNICK. In fact, I believe you have testified that you strictly avoided meeting with such military leaders; correct?

Mr. TAMBS. That is correct.

Mr. BELNICK. Why was that?

Mr. TAMBS. Well, first of all, it would be unseemly. Secondly, Costa Rica is a nation which has a long and very open democratic tradition in which they have given properly all sorts of openings for people of various political viewpoints to express themselves.

During the Somoza years, many of the refugees from Somoza's tyranny sought refuge in Costa Rica. They were allowed in effect to carry on political activities and sometimes more.

So consequently, I did not wish to violate their tradition of openness and so consequently I talked only to political leaders.

Mr. BELNICK. Did you instruct any representative of the U.S. Government in Costa Rica to meet with military leaders of the Contras?

Mr. TAMBS. First of all, I want to make it clear, Mr. Belnick——

Mr. BELNICK. Yes, sir.

Mr. TAMBS. That as Ambassador in Costa Rica, I was responsible and am responsible for what occurred there. And the fact is that what occurred was that eventually, after querying on a couple of cases, is that the senior CIA representative in Costa Rica did, in effect, contact some of the military leaders. But he had, as far as I know, cleared it with his home office.

Mr. BELNICK. Sir, didn't you tell the senior CIA representative in Costa Rica to meet with military leaders of the Contras because one of your missions as a government group in Costa Rica, as you put it, was to open a Southern Front?

Isn't that right?

Mr. TAMBS. Our major objective down there was, first of all, to aid the private patriotic Americans, OK? And the senior CIA representative in Costa Rica, whose nom de guerre is Tomas Castillo, did talk with some of the Freedom Fighter commandantes.

Mr. BELNICK. And you told him that he ought to be doing that, right?

Mr. TAMBS. Yes, indeed.

Mr. BELNICK. All right, sir.

Mr. TAMBS. He also received instructions from Washington to do so.

Mr. BELNICK. He told you that?

Mr. TAMBS. Yes, he did.

Mr. BELNICK. And you did not think it would violate the Costa Rican policy that you mentioned before of openness for a senior representative of the CIA to be meeting with Contra military leaders?

Mr. TAMBS. Well, let me put this in context, if I may, Mr. Belnick. In the summer of 1985, the Costa Rican Government was very, very fearful. They were fearful of a Nicaraguan invasion. They had had the incident up at Las Crusitas in which two of the Costa Rican civil guardsmen had been killed and four or five others wounded by fire coming from across the River San Juan.

They had been killed by Sandinista hostile fire.

In addition, Sandinista push-pull aircraft were regularly violating Costa Rican airspace and in one case rocketed a couple of the villages over on the East Coast, on the Caribbean.

Additionally, Sandinista patrols were moving into Costa Rica, frequently—that is three or four times a week, up to a distance of 13 to 15 kilometers.

Moreover, there was knowledge that the Nicaraguans were considering a surgical strike against Costa Rica. So the Costa Ricans were, to put it mildly, somewhat on edge and they should be.

Costa Rica is a demilitarized nation. It only has 8,500 policemen. Most of them are what you and I would call "good ole boys." Only about a thousand people are trained.

Of course, by this time the Sandinistas built up a standing army of 68,000, another 20,000 militia on active duty. They had over 110 T-54, T-76 tanks. They had over 300 armored personnel carriers and over 100 pieces of heavy artillery and, at that time, about 20 attack helicopters—up to about 30 now.

So Costa Ricans, therefore, were, with good reason, uneasy about Nicaragua intentions. And so I did not think it unseemly and apparently some Costa Ricans did not think it unseemly that one of our people would talk to the leaders of the Freedom Fighters.

Mr. BELNICK. By the time you left your post in Costa Rica, did you believe you had succeeded in opening the Southern Front?

Mr. TAMBS. Well, to a certain extent, yes.

Mr. BELNICK. How had you achieved that and to what extent?

Mr. TAMBS. You must recall, if I may put this in context, the Costa Ricans wished to get rid of the Freedom Fighters who were sitting in Costa Rica, right? In other words, that obviously they were—the war once again is in Nicaragua. The war is not in Costa Rica. And, consequently, they would be glad to see them move into Nicaragua rather than continue to sit around the frontier between Nicaragua and Costa Rica.

Now, if the Freedom Fighters are going to move into Nicaragua, obviously they have to be supplied. There are only three possible ways to supply them: You have ground, you have maritime, and you have air. Ground was out. Maritime was dubious.

So, consequently, if it would be possible to persuade the Freedom Fighters to move into Nicaragua, obviously they had to have some sort of logistical support which would be provided by United States and other private organizations.

Mr. BELNICK. And did you negotiate with the Costa Rican Government to make possible that type of logistical support?

Mr. TAMBS. Well, once again may I put this in context.

Mr. BELNICK. Certainly.

Mr. TAMBS. The Costa Ricans were fearful of a Nicaraguan invasion. Now, the Costa Ricans depended upon their defense on an inter-American force, something out of the Organization of American States.

An inter-American force to the Costa Ricans means a platoon of Panamanians, half a company of Venezuelans, and the 82d Airborne. The difficulty was that the only airfield on the—only real feasible invasion route from the north of Nicaragua was exposed and it could be taken in very, very quick time.

So consequently, the Costa Ricans are interested in two things. First of all, getting the armed democratic resistance out of Costa Rica into Nicaragua, and also having an airfield by which an inter-American defense force could arrive and protect them from a possible invasion.

Their job, of course, is to take care of Costa Rica. Consequently, they were—consequently—interested in an airfield which could be used for reinforcement and supply, basically by the U.S. Southern Command, should there be an invasion from the north.

Mr. **Belnick**. Did there come a time in the summer of 1985 when you were specifically asked to obtain the Costa Rican Government's permission for the construction of an airfield at Santa Elena to be used in connection with resupply of the Freedom Fighters?

Mr. **Tambs**. I was asked to approach the Costa Rican Government in regards to the construction of an airfield by private hands for use by private facilities. I did that.

Mr. **Belnick**. Who asked you to do that?

Mr. **Tambs**. That came as far as I recall correctly, from North through Tomas Castillo.

Mr. **Belnick**. Once again you assumed that this request to you was authorized by the U.S. Government?

Mr. **Tambs**. Yes, indeed.

Mr. **Belnick**. All right, sir. Now did you conduct negotiations with the Costa Rican Government for this airfield?

Mr. **Tambs**. That is correct.

Mr. **Belnick**. And can you tell me what those negotiations yielded?

Mr. **Tambs**. The negotiations yielded an airfield which could be used for reinforcement and resupply if there were an invasion from Nicaragua. At the same time, the airfield would be used for refueling and for emergency purposes of private aircraft which would be used to supply the Nicaraguan Democratic Resistance, which obviously would have to move inside Nicaragua to be resupplied there; right?

Mr. **Belnick**. Did you agree also that the airstrip would be deeded to the Costa Rican Government?

Mr. **Tambs**. Yes.

Chairman **Hamilton**. Mr. Belnick, may I interrupt to note that a vote is pending again in the House and House Members will have to excuse themselves for that vote.

You may proceed.

Mr. **Belnick**. Thank you, Mr. Chairman.

Now you referred several times to the private parties or private patriotic Americans who were involved with this airstrip. Did you say the term "private patriotic Americans"; does that originate with you, sir?

Mr. **Tambs**. No. That is Ollie's term. He likes that one.

Mr. **Belnick**. That was a term you heard him use?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Did he ever put names to the term "private patriotic Americans" as to who was in that group?

Mr. **Tambs**. He did not in my presence.

Mr. **Belnick**. He did tell you from time to time he was making speeches to raise funds on behalf of this private patriotic American group, did he not?

Mr. **Tambs**. Yes. It was in the press, too.

Mr. **Belnick**. And he told you that?

Mr. **Tambs**. Yes.

Mr. **Belnick**. All right, sir.

Were you told which private patriotic American company was going to be constructing the airfield at Santa Elena or Point West?

Mr. **Tambs**. Not initially, no.

Mr. **Belnick**. At any time?

Mr. TAMBS. Yes. Eventually I came to learn it was the Udall Corporation.

Mr. BELNICK. Udall Corporation. Who told you it was the Udall Corporation?

Mr. TAMBS. Tomas Castillo.

Mr. BELNICK. Did Mr. Castillo tell you who the principal was or the principals were of the Udall Corporation, who owned it?

Mr. TAMBS. No. Eventually I learned some other names, but that came much later.

Mr. BELNICK. What other names did you learn?

Mr. TAMBS. Well, once the construction or—really we should say the extension of existing airfields.

Mr. BELNICK. All right.

Mr. TAMBS. Was underway, I learned that the aircraft would be under—what is the name?

Mr. BELNICK. Secord?

Mr. TAMBS. That is it. Right.

Mr. BELNICK. Strike a familiar name?

Mr. TAMBS. Yes.

Mr. BELNICK. General Secord?

Mr. TAMBS. Right.

Mr. BELNICK. Did you know General Secord at the time?

Mr. TAMBS. No, I have never met General Secord.

Mr. BELNICK. You learned from Castillo at some point Secord was connected with the Udall as he was running the planes; is that correct?

Mr. TAMBS. That is correct.

Mr. BELNICK. And you had an opinion about those planes?

Mr. TAMBS. In what sense?

Mr. BELNICK. That they were junk?

Mr. TAMBS. Yes. They certainly seemed to break down frequently.

Mr. BELNICK. I believe you testified in the past that the name of Secord was one that used to be cursed from time to time because people thought that he had bought a bunch of junk?

Mr. TAMBS. I think that is a mild way of putting it, yes.

Mr. BELNICK. It was your way of putting it?

Mr. TAMBS. Yes. All right.

Mr. BELNICK. Did you find out where the money financing the airstrip was coming from?

Mr. TAMBS. No. I had no idea of the sourcing.

Mr. BELNICK. You learned at some point about an entity known as Lake Resources; correct?

Mr. TAMBS. Well, I didn't really learn that until a couple of months ago.

Mr. BELNICK. Only a couple of months ago?

Mr. TAMBS. Yes.

Mr. BELNICK. All right. You did know during the time, though, in 1985 when the airfield was being constructed that funds were coming through banks located in Panama and the Cayman Islands; right? That's something you had heard?

Mr. TAMBS. Panama, Udall was a company which was incorporated in Panama. I assume there were banks in Panama.

In regards to the Cayman Islands, Ollie at one time told me he had an account over there for private funding.

Mr. **Belnick**. That who had an account over there?

Mr. **Tambs**. That the private funding—private donors or private-funded foundations or funders, how do you want to phrase it?

Mr. **Belnick**. Anyway you phrase it.

Mr. **Tambs**. Had an account in the Cayman Islands.

Mr. **Belnick**. Did he tell you who controlled that account in the Cayman Islands?

Mr. **Tambs**. No, he didn't.

Mr. **Belnick**. Did you ever ask him why it was that the company that was building this was a Panamanian company using banks in the Cayman Islands?

Mr. **Tambs**. Well, that's not an uncommon practice, you know. All of Exxon tankers are registered in Panama. In the business world, Panama is used time and time again by companies, U.S. companies.

Mr. **Belnick**. You understood this company, though, to be a private, patriotic benefactor organization; right?

Mr. **Tambs**. How do you mean the term "benefactor"?

Mr. **Belnick**. I don't know. How did you understand it to be? Did you consider it to be a company that was building the airstrip for profit?

Mr. **Tambs**. No.

Mr. **Belnick**. Then did you ask anybody why it was it was a Panamanian company with money in the Cayman Islands?

Mr. **Tambs**. No.

Mr. **Belnick**. All right, sir.

Now, did you meet in connection with the construction of the airstrip a gentleman who used the name Olmsted?

Mr. **Tambs**. Yes. I met Olmsted in fact in 1986.

Mr. **Belnick**. And in what connection did you meet Mr. Olmsted?

Mr. **Tambs**. Mr. Olmsted came down in 1986. I believe it was in May, May—April or May. There were elections in Costa Rica in February of 1986 and a new administration was inaugurated on the 8th of May, 1986. And the new administration had certain reservations about the airfield at Santa Elena. They wanted the agreement rephrased or renegotiated, if you wish, and it was at that time that I met Mr. Olmsted.

Mr. **Belnick**. All right, sir.

What did you understand his role to be in connection with the airstrip?

Mr. **Tambs**. Well, I assumed, quite frankly, that he was the lawyer for the Udall Corporation because he was down there negotiating an agreement.

Mr. **Belnick**. All right, sir.

You heard him referred to as "One-eyed Jack"?

Mr. **Tambs**. Yes.

Mr. **Belnick**. And you met him?

Mr. **Tambs**. And it was true.

Mr. **Belnick**. He had one eye? All right.

Did you ever find out if he also had a second name?

Mr. **Tambs**. Well, I don't know he had a second name.

Mr. **Belnick**. As far as you knew, his name was Olmsted?

Mr. **Tambs**. That's right. I assume your name is Belnick.

Mr. **Belnick**. All right. It is. It is. But I haven't been asked to open a front.

Mr. Ambassador, we have to stop this or we will be cut off.

How was the site for the airfield picked?

Mr. **Tambs**. How was it picked?

Mr. **Belnick**. Yes, sir.

Mr. **Tambs**. Well, I really don't have any idea how it was picked.

Mr. **Belnick**. Was it supposed to be a secret airfield?

Mr. **Tambs**. Well, yes.

Mr. **Belnick**. Could you see it if you flew in over Costa Rica on a commercial airline?

Mr. **Tambs**. Yes, indeed you could. I always was convinced the Soviet satellites would pick it up immediately. That really was not my business or my problem.

Mr. **Belnick**. Who selected the secret site that could be seen from commercial airliners?

Mr. **Tambs**. Well, undoubtedly some—I don't have any idea.

Mr. **Belnick**. You didn't think it was one of the smarter moves in connection with opening the Southern Front?

Mr. **Tambs**. Well, I suppose they might have found a better location.

Mr. **Belnick**. Yes, sir. All right.

Did you understand that the land was purchased from an American named Joe Hamilton?

Mr. **Tambs**. Yes, indeed.

Mr. **Belnick**. Did you ever speak to Assistant Secretary Abrams about the airstrip, the nonsecret-secret airstrip in Costa Rica?

Mr. **Tambs**. Yes. We had a chief of missions meeting in Panama.

Mr. **Belnick**. When was that?

Mr. **Tambs**. Early in September of 1985. And there was a distinguished assemblage of personages. The Assistant Secretary was there, as indeed the CIA Chief of Central American Task Force, a man from across the river, and during the course of the meeting, in private conversations, we touched upon the developments at Santa Elena.

Mr. **Belnick**. Do you remember what the discussion was generally that Elliott Abrams participated in?

Mr. **Tambs**. Essentially it is that they were having difficulty getting the agreement, that the hangup was they couldn't get an agreement with the private owners of the airstrip. I think that's about as far as it went.

Mr. **Belnick**. Did Assistant Secretary Abrams indicate whether he was by that point familiar with the fact that the airstrip was under construction?

Mr. **Tambs**. I don't believe it was under construction by September.

Mr. **Belnick**. Did he indicate familiarity with the project?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Did he indicate familiarity with your instructions to negotiate with the Costa Rican Government about the construction of that airfield?

Mr. **Tambs**. Well, I assume that since he knew about the project, he was familiar with the instructions.

Mr. BELNICK. Did he tell you he was familiar with the instructions?

Mr. TAMBS. No, and I didn't ask him, either.

Mr. BELNICK. Did you tell him what instructions you had received?

Mr. TAMBS. Well, if he knew about the airstrip, my assumption was that he knew about the instructions.

Mr. BELNICK. Sir, did you tell him what instructions you were operating under?

Mr. TAMBS. Not that I recall.

Mr. BELNICK. All right, sir.

Now, were there other occasions when Assistant Secretary Abrams visited Central America—Costa Rica, in fact, when, to your knowledge, he raised the subject of the airstrip?

Mr. TAMBS. Yes. It was raised on a couple of occasions he was down there.

Mr. BELNICK. Do you recall an occasion in the late fall of 1985 when the Assistant Secretary was in Costa Rica being briefed by various embassy officers and other U.S. Government personnel at which you were present? Do you recall that?

Mr. TAMBS. Yes.

Mr. BELNICK. Can you tell us what you recall having happened at that briefing in connection with the airfield?

Mr. TAMBS. Well, Tomas Castillo was also present.

Mr. BELNICK. I think it is safe now.

Mr. TAMBS. And the Assistant Secretary began to talk about the airstrip as if the people in the room were familiar with it.

The vast majority—that is, all of them with probably the exception of Castillo and myself—were not. I thought that Castillo was going to have a cardiac arrest for a minute. So—because it was—everything was on a need-to-know basis. And Mr. Abrams was pulled aside by Tomas Castillo and advised of his possible indiscretion.

Mr. BELNICK. Mr. Ambassador, could you pull the mike towards you, please?

Chairman INOUYE. Mr. Belnick, may I interrupt?

The Senate is in the process of voting at this time. Senators will have to excuse themselves. Mr. Belnick, please continue.

Mr. BELNICK. Yes, sir.

Now, Ambassador Tambs, you attempted to keep news and information concerning the airfield tightly controlled within the embassy, as well; isn't that right, sir?

Mr. TAMBS. Yes.

Mr. BELNICK. Aside from yourself and Mr. Castillo, was anybody else in the embassy familiar with the project?

Mr. TAMBS. Yes, the Deputy Chief of Mission.

Mr. BELNICK. All right.

Was there anybody else, aside from the DCM, familiar with the project?

Mr. TAMBS. Very briefly, the—actually, was the defense attache, but since the Costa Ricans don't like that title, we called him the Political Military Adviser, Colonel John Lent.

But he really was not in on the action. He is a very fine man, a very trustworthy man. He had spent 2 years in Nicaragua and, consequently, I needed his advice and his appreciation of things. He was not a player, but he was there when I first talked to those gentlemen about the possibility of opening up a southern front.

Mr. **Belnick**. Outside the Embassy, among U.S. Government officials, as far as you knew, Colonel North, of course, was aware of the project, right?

Mr. **Tambs**. Right.

Mr. **Belnick**. Assistant Secretary Abrams, right?

Mr. **Tambs**. Right.

Mr. **Belnick**. The Chief of the CIA Central American Task Force, correct?

Mr. **Tambs**. Right.

Mr. **Belnick**. Also, sir, did you have occasion to discuss the project with Director Casey?

Mr. **Tambs**. Much later.

Mr. **Belnick**. When was that, sir?

Mr. **Tambs**. Well, I believe it was the end of July 1986.

Mr. **Belnick**. Where was that discussion?

Mr. **Tambs**. Across the river.

Mr. **Belnick**. In DC?

Mr. **Tambs**. Yes, sir.

Mr. **Belnick**. What was the discussion?

Mr. **Tambs**. It was very general. Basically, we talked about the Reagan doctrine, and we referred in passing to the Southern Front in Nicaragua and the airstrip and the idea was, of course, that hopefully this would be the beginning of a reverse domino theory against the Soviets which they, of course, have been pushing at us since 1917 and 1945, depending upon your historical perspective.

Mr. **Belnick**. Was it your understanding based upon the discussion, sir, that Director Casey was already familiar with the Southern Front project and the airstrip project?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Before you had spoken to him?

Mr. **Tambs**. Well, I really can't say. You know, I assumed he did, but I didn't know. That is two different things.

Mr. **Belnick**. It was your impression?

Mr. **Tambs**. Yes, but—I mean that—I did not have direct knowledge.

Mr. **Belnick**. All right.

Did you have occasion to discuss the airfield project with Admiral Poindexter after he became the National Security Adviser?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Do you recall when that was?

Mr. **Tambs**. Yes. I thought it was in early January 1986, but it may have been, you know, late or mid-December of 1985.

Mr. **Belnick**. OK.

Mr. **Tambs**. But it was after the—it was in that time frame. It was after—oh, pardon me. Go ahead.

Mr. **Belnick**. Was it during the course of a visit by Admiral Poindexter to Central America?

Mr. **Tambs**. Yes. It was after Admiral Poindexter replaced Bud McFarlane as——

Mr. **Belnick**. National Security Adviser.

Mr. **Tambs**. That is correct, yes.

Mr. BELNICK. What discussion did you have with Admiral Poindexter at that time about the airstrip and the Southern Front?

Mr. TAMBS. Well, it is that Admiral Poindexter came down and was accompanied by Oliver North and some other officials and basically his mission was to stop in the capitals of democratic Central America and to reassure the chiefs of state or whoever it was, but basically the message was that U.S. policy in Central America would continue the same under his stewardship as it had been under McFarlane.

He was only in Costa Rica, I suppose, 1½ to 2 hours maybe. And we had a meeting at one of the hotels, and we talked about this and we also talked at that time with a Costa Rican official.

Mr. BELNICK. What was the discussion concerning the airstrip?

Mr. TAMBS. Well, the status.

Mr. BELNICK. All right, sir. Was the airfield, once constructed, used to your knowledge by the Contras?

Mr. TAMBS. Well——

Mr. BELNICK. Or on their behalf?

Mr. TAMBS. You can debate whether it was ever really completed or not. In the sense that it seemed like it was not properly prepared for the rainy season. Let's put it that way. They seemed to have great difficulties, you know, getting it finished.

Mr. BELNICK. Yes, sir. Was it used as far as you know?

Mr. TAMBS. Yes, as far as I know.

Mr. BELNICK. On how many occasions?

Mr. TAMBS. I really can't tell you.

Mr. BELNICK. But the strip was used on those occasions by planes that were involved through the private parties.

Mr. TAMBS. Used by private planes to resupply the Freedom Fighters in southern Nicaragua.

Mr. BELNICK. Do you recall the event in June or July of 1986 when a plane got stuck in the mud at the air strip?

Mr. TAMBS. That is why I suggested to you, Mr. Belnick, that perhaps the field was not completed. Because they had at least—was it three or four aircraft eventually stuck in the mud there?

Mr. BELNICK. All right, sir. And do you recall that in the specific occasion that I am referring to, June or July of 1986, the plane which landed there and got stuck there was carrying military cargo?

Mr. TAMBS. It was. Indeed it was.

Mr. BELNICK. What happened to that cargo, do you know?

Mr. TAMBS. What happened to the cargo?

Mr. BELNICK. Yes, sir.

Mr. TAMBS. Eventually, it was airlifted out.

Mr. BELNICK. Did there come a time in the same period——

Mr. TAMBS. May I also pause here a moment?

Mr. BELNICK. Yes, sir.

Mr. TAMBS. That is that the agreement we had with the Costa Rican Government was that the air field would not be used either for storage of supplies or provisions and that any aircraft landing there would have already completed its mission; that is, it would land empty and it would be refueled, and so I was consequently somewhat surprised to find out that the aircraft was stuck in the mud.

That is probably why it was stuck in the mud because it was loaded, and I guess it was an emergency.

Mr. **Belnick**. Were you surprised also to find out that it was carrying military cargo?

Mr. **Tambs**. Well, not really. I never saw a manifest, but I did not certainly assume they were only dropping——

Mr. **Belnick**. Want to finish the sentence?

Mr. **Tambs**. No, not really.

Mr. **Belnick**. You didn't assume they were dropping——

Mr. **Tambs**. Band-Aids. How is Band-Aids. Right.

Mr. **Belnick**. It didn't surprise you military cargo was involved?

Mr. **Tambs**. No.

Mr. **Belnick**. Did you speak to Colonel North or any other official of the U.S. Government about your concern that the plane being loaded period violated the agreement you had negotiated with the Government of Costa Rica?

Mr. **Tambs**. I believe I fumed around, but I don't recall calling Colonel North.

Mr. **Belnick**. Did you speak to Tomas Castillo about that?

Mr. **Tambs**. Yes. He said—well, you must understand one thing, Mr. Belnick. We are dealing with American lives and if American pilots, private American pilots are on this aircraft and there is an emergency, obviously you must choose to—in my opinion, I would choose to save American lives rather than have the aircraft crash. And, also a downed aircraft in Costa Rica would certainly be a greater embarrassment than even one stuck in the mud.

Mr. **Belnick**. All right, sir.

Do you know if there were any other, to your knowledge, military cargoes that went through that airfield?

Mr. **Tambs**. I really can't say.

Mr. **Belnick**. You don't know one way or the other?

Mr. **Tambs**. No.

Mr. **Belnick**. Did there come a time, Ambassador Tambs, in the summer of 1986, June or July, when Colonel North told you he wanted to sell this airstrip to the CIA?

Mr. **Tambs**. That was later. I think that was around September.

Mr. **Belnick**. What do you recall that Colonel North said to you?

Mr. **Tambs**. Colonel North at that time indicated to me the Freedom Fighters were out of money, the $100 million had not come in yet. He had a situation where people were literally starving, a number of them in the Southern Front had mountain leprosy. It was a bad show. It was my understanding from Colonel North that he wanted to sell what he called "the assets" and use—give that money or something, somebody give the money to the armed democratic resistance so they could carry on.

Mr. **Belnick**. You understood him to be referring to assets, including the airstrip but in addition to as well; correct?

Mr. **Tambs**. Well, yes.

Mr. **Belnick**. Assets located in other Central American countries?

Mr. **Tambs**. I suppose so.

Mr. **Belnick**. He wasn't specific?

Mr. **Tambs**. No, but he quoted a figure of some, I think $5 million, and obviously the assets that I had heard about, Costa Rica, you know, certainly did not approach that figure whatsoever, so I assumed it was other assets—whatever that might be.

Mr. **Belnick**. So he was talking about hoping to raise 5 million or so dollars from the sale of these assets to the CIA; correct?

Mr. **Tambs**. That is correct.

Mr. **Belnick**. Now, sir, you have told us that part of your agreement with the Costa Rican Government regarding the airfield was that it would be deeded to Costa Rica; correct?

Mr. **Tambs**. The airfield, yes.

Mr. **Belnick**. The airfield.

Did you understand how Colonel North cold sell the airstrip to the CIA if it was deeded to the Costa Rican Government?

Mr. **Tambs**. By that time, by, say, September of 1986, is that we had been forbidden use of it.

Mr. **Belnick**. All right, sir.

Mr. **Tambs**. And my query, of course, was how could you sell something which you couldn't use?

Mr. **Belnick**. What was his answer?

Mr. **Tambs**. He didn't reply, if I recall. As I recall.

Mr. **Belnick**. When were you instructed by the Costa Rican Government to shut down the airstrip?

Mr. **Tambs**. That was in late May, early June of 1986.

Mr. **Belnick**. And you carried out that instruction?

Mr. **Tambs**. I told Tomas Castillo to shut it down.

Mr. **Belnick**. It was shut down as far as you knew?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Did there come a time in September 1986 when you learned that there was going to be a press conference in Costa Rica concerning the airstrip?

Mr. **Tambs**. Yes.

Mr. **Belnick**. What did you learn on that occasion and from whom?

Mr. **Tambs**. Well, I was on leave at that time. I was over in, I think it was around the 5th—was it Friday, the 5th?—of September over in Greenbrier in western Virginia—West Virginia, and I came back from dinner around midnight and there was a call waiting for me, and I was ordered to call the White House switchboard, and actually I did. And it was Ollie. And he said that he had received word from senior CIA representative in Costa Rica that the next morning the Minister of Public Security, Mr. Garron, was going to give a press conference relating to the airstrip at Santa Elena and that he did not believe that this was a good idea.

Mr. **Belnick**. Did Colonel North ask you to do anything?

Mr. **Tambs**. Yes. He asked me to call the President, President Arias, and see if we could dissuade him from this press conference.

Mr. **Belnick**. And you made that call?

Mr. **Tambs**. Yes. There is a 2-hour time difference, so it was what? Midnight, in West Virginia. That means it was about 10:00, 10:30, in San Jose.

He was at dinner. They eat late there.

Mr. **Belnick**. When you called, you told the President of Costa Rica that you didn't think it would be prudent for such a press conference to take place, particularly in light of the ICJ, the International Court of Justice case, that was pending; is that correct?

Mr. TAMBS. That is correct.

Mr. BELNICK. He told you he would see what he could do about it?

Mr. TAMBS. Correct.

Mr. BELNICK. You received a call back from him saying he had spoken to the relevant minister and that the press conference was not going to take place; right?

Mr. TAMBS. That is correct.

Mr. BELNICK. You conveyed that information back to Colonel North and Assistant Secretary Abrams on a conference call; correct?

Mr. TAMBS. Yes.

Mr. BELNICK. And the matter ended there, as far as you were concerned?

Mr. TAMBS. Yes.

The next day I went on real leave.

Mr. BELNICK. To your knowledge, did Colonel North ever call the President of Costa Rica to talk about this press conference?

Mr. TAMBS. Not to my knowledge.

Mr. BELNICK. Do you have an opinion as to whether Colonel North made such a call?

Mr. TAMBS. I have an opinion.

Mr. BELNICK. What is that opinion?

Mr. TAMBS. I don't think that he did, but I don't really know.

Mr. BELNICK. You have seen references in the Tower Report?

Mr. TAMBS. Yes.

Mr. BELNICK. To messages by Colonel North claiming that he did make such a call?

Mr. TAMBS. That is correct.

Mr. BELNICK. But it wasn't done to your knowledge and in your view it wouldn't have been done?

Mr. TAMBS. No. It's unseemly and I don't—that is the only thing I can say. Right?

Mr. BELNICK. You know General John Singlaub?

Mr. TAMBS. Yes, indeed I do.

Mr. BELNICK. And you have known him for 10 years or so?

Mr. TAMBS. A number of years.

Mr. BELNICK. He came to Costa Rica in the spring of 1986 and you saw him there; is that correct?

Mr. TAMBS. That is correct, yes.

Mr. BELNICK. And you had a discussion with him about the Southern Front, that you were assisting the opening of it at the time, correct?

Mr. TAMBS. Well, that is really not entirely accurate.

Mr. BELNICK. All right. Tell me what the discussion was.

Mr. TAMBS. General Singlaub came to Costa Rica and called the Embassy and asked for the courtesy of the mission. All right?

And consequently, as an old friend, we invited him over, as you would indeed do to many distinguished visitors. Since he is a celebrity, naturally many people in the mission wanted to talk to him.

Tomas Castillo and I sat down and gave him an unclassified briefing. We did not talk about the Southern Front in detail. We did not talk about Santa Elena, any of that stuff. And we told him some of the problems we saw in Costa Rica.

Mr. **Belnick**. Yes, sir.

Mr. **Tambs**. And so that's the incident you are referring to, right?

Mr. **Belnick**. Yes, sir.

Did you discuss also Eden Pastora?

Mr. **Tambs**. We discussed Eden Pastora as we did the other forces down there.

Mr. **Belnick**. Did you tell General Singlaub on that occasion that, in your view, Commander Pastora could do more for the cause of the Freedom Fighters if he would begin to speak in public and speak out against the Sandinista regime?

Mr. **Tambs**. Yes. He is a very attractive and charismatic figure.

Mr. **Belnick**. By the way, sir, did the Department of State know that you would be meeting with General Singlaub about these matters?

Mr. **Tambs**. Well, we didn't even know General Singlaub was in town. The fact is, it was just by chance that we got word that morning from another passenger who happened to be on the same aircraft as General Singlaub was that he was in town. And then we had word that he had gone up to the San Juan River, and of course one of the major missions that any ambassador or any Foreign Service officer has overseas is to report what's going on back to Washington.

Now, as you are undoubtedly aware, a lot of the times you report things they don't want to hear up here, but nonetheless you have to keep them in touch with reality and reporting what's going on. So when General Singlaub came in, I was glad to see him because I wanted to know what he was doing, quite frankly.

Mr. **Belnick**. You saw him and did not speak to the State Department before you did?

Mr. **Tambs**. No.

Mr. **Belnick**. All right, sir.

Mr. **Tambs**. We used to have clothing manufacturers and distinguished people who would come in all the time just to see them. So it was nothing unusual. The courtesy of the Embassy is open to any U.S. citizen.

Mr. **Belnick**. You did not speak to the State Department and advise them that you would be discussing the Freedom Fighters or Eden Pastora or assistance to the Nicaraguan Freedom Fighters with General Singlaub, right?

Mr. **Tambs**. No, no.

Mr. **Belnick**. All right, sir.

Now, after you had your discussion with General Singlaub, did he contact you again and tell you that he had seen Commander Pastora?

Mr. **Tambs**. Yes, he called me that afternoon and said that he—now let me make this clear to you.

Mr. **Belnick**. Sure.

Mr. **Tambs**. Is that, first of all, is that we had nothing to do with arranging any meeting, no one in the mission had anything to do with arranging a meeting between him and Comandante Zero, Pastora, right?

As far as we could ascertain, the meeting between General Singlaub and Eden Pastora had been set up prior to the General's departure from the States. OK? In other words, he was seen that afternoon, whether he had seen us that morning or not. All right?

Mr. Belnick. Did you ask General Singlaub to come over to the Embassy after he told you he had seen Commander Pastora?

Mr. Tambs. No, I didn't.

Mr. Belnick. Did you speak about his meeting with Pastora?

Mr. Tambs. Yes. He called up and said he had seen Pastora, and since my mission was always to find out what was going on and tell our friends up here in Washington. I said, "Why don't you come over for dinner?" And I remember we had tacos that night.

Mr. Belnick. Aside from tacos, did he give you a copy of an agreement, that is General Singlaub give you a copy of an agreement he had entered into with Commander Pastora?

Mr. Tambs. Yes.

Mr. Belnick. Would you turn in your exhibit book to exhibit LAT-1, sir? Is that a copy of a cable that you sent to the Department of State for Assistant Secretary Abrams on March 27, 1986, setting forth, among other things, a copy of the agreement that General Singlaub had entered into with Commander Pastora?

Mr. Tambs. Well, I haven't seen this.

Mr. Belnick. Would you take a look at it?

Mr. Tambs. I do appreciate the chance to look at it.

Mr. Belnick. Please.

Mr. Tambs. OK.

Yes. He gave me a copy of an agreement that he, as a private individual, had made with Comandante Pastora, another private individual.

Mr. Belnick. All right, sir.

Now, the agreement provided, as set forth in your cable,

> The United States will provide boots, food, ammunition, medicine, maps, military needs for Pastora's troops, including new men who join his army, training advisers, correct?

Mr. Tambs. Yes. And when I saw that, I said, I said, "You cannot negotiate for the U.S. Government." He said, "That does not mean the U.S. Government." He said, "That means we private United Statesians."

Mr. Belnick. United Statesians?

Mr. Tambs. That's a good Spanish word. And he said——

Mr. Belnick. Let me understand this. He said that the United States didn't mean United States; it meant private citizens?

Mr. Tambs. That's right.

Mr. Belnick. That was his definition of United States?

Mr. Tambs. I said, I said, "General," I said, "You cannot negotiate an agreement in the name of the U.S. Government." He said, "It does not mean the U.S. Government."

Mr. Belnick. It only says United States.

Sir, did you report in your cable——

Mr. Tambs. Well, is it in the cable? Obviously I have to send the text as given to me. I can't change the text.

Mr. Belnick. I understand, sir.

Did you make comments at the end of this cable, LAT-1?

Mr. Tambs. Well, the fact is the comments were given verbally to the deputy, CIA representative in Costa Rica. And he took them down and sent it out, and I did not review the cable. Right? May I read the comments?

Mr. **Belnick**. Yes, sir, let me read it because the copy is somewhat blurry.

> Ambassador's comments. In spite of written agreement, we have reservations that Pastora will comply. However, since Singlaub is envoy of Senator Helms and will report to him his observations and his own reservations upon return to Washington, Senator Helms may re-evaluate his position regarding Pastora. Singlaub and his colleague, Barbara F. Studley, assisted—assured Ambassador," rather, "that Pastora agreed that all supplies/equipment/training will be delivered/provided via UNO"—the United Nicaraguan Opposition. "Nothing will be delivered until Pastora's men are moved inside Nicaragua.

Mr. **Tambs**. I was reporting, not evaluating.

Mr. **Belnick**. That is the report you made concerning this agreement?

Mr. **Tambs**. Yes, but that is a report. That is what you get paid to do.

Mr. **Belnick**. Did you receive a quick response from the State Department to this cable?

Would you look at exhibit LAT no. 2, which is a copy of a cable signed by Deputy Secretary Whitehead, but coming from and through Assistant Secretary Abrams to you, dated March 29, 1986.

Mr. **Tambs**. Yes.

Mr. **Belnick**. You received this cable in which the Assistant Secretary and Deputy Secretary said, among other things,

> I was astounded by the report of the agreement, concluded between General Singlaub and Eden Pastora, I fail to understand how you and the CIA representative could associate yourselves with an agreement which purports to commit the United States to provide military material and advisers in exchange for a series of undertakings on Pastora's part.

Now, sir, did you understand from the text of the agreement how the State Department might have concluded this was an agreement that purported to bind the United States of America?

Mr. **Tambs**. Well, first of all, we did not associate ourselves with the agreement. We were reporting on an agreement between two private individuals.

Mr. **Belnick**. All right, sir.

Mr. **Tambs**. And if you will go back, if I may, to—what is it, exhibit 1. It is stated here, right at the beginning, it is stated here twice; right?

It is stated here, "this memo is to acknowledge the agreement made this day between Major General John K. Singlaub, U.S.A. retired, and Commander Eden Pastora."

Well, obviously, Mr. Singlaub was not a representative of the U.S. Government. So I thought that perhaps the astounding cable could only mean they hadn't read what we had sent out because we were reporting.

Mr. **Belnick**. Well, sir, would you look at the last paragraph of exhibit LAT-2?

You say it was your view they hadn't read the cable. Did you think that it was unreasonable for a reasonable observer, as Deputy Secretary Whitehead put it, to conclude that there would be wrong impressions conveyed by your association or the Embassy's association with an initiative by General Singlaub that purported to speak in writing on behalf of the United States?

Did you consider that an unreasonable impression to be created?

Mr. **Tambs**. Would you repeat that question?

Mr. **Belnick**. Look at the question which was put to you at the end of exhibit 2. It says, to a reasonable observer, what impressions would have been conveyed by your and the Embassy's association with this initiative?

Mr. **Tambs**. If I may, I believe I answered that.

Mr. **Belnick**. Yes, sir.

Mr. **Tambs**. In a subsequent cable.

Mr. **Belnick**. In LAT exhibit 3——

Mr. **Tambs**. If that is—that is exhibit what, sir; three?

Mr. **Belnick**. LAT exhibit 3, yes, sir.

Mr. **Tambs**. Paragraph 5?

Mr. **Belnick**. Yes, sir.

Mr. **Tambs**. The answer is

> To any reasonable observer it would appear that since General Singlaub, acting as a private individual, requested an interview with me, and since we wish to find out what was going on, this is entirely normal, given his involvement with the number of Nicaraguan resistance instrumentalities.

Mr. **Belnick**. So you believed that the Deputy Secretary Whitehead and Assistant Secretary Abrams' reaction to your cable, sending the agreement, was not reasonable?

Mr. **Tambs**. Well, whether it was reasonable or unreasonable, the fact is when we sent up a reporting cable, and reasonable men can have different views of something, so it is not unusual.

Mr. **Belnick**. Did you send up that reporting cable through a back channel?

Mr. **Tambs**. Yes, indeed.

Mr. **Belnick**. The CIA channel?

Mr. **Tambs**. Yes.

Mr. **Belnick**. Why did you sent it up through a highly restricted secret channel?

Mr. **Tambs**. Why did I send it up?

Mr. **Belnick**. Yes, sir. Why didn't you send it up through the normal diplomatic channel?

Mr. **Tambs**. Well, because we did not, we work on a need-to-know basis; right?

Mr. **Belnick**. Even with agreements between purely private individuals?

Mr. **Tambs**. Well, we had all sorts of reporting which might go back channel, which was not really of great importance, so there was nothing unusual about that.

Mr. **Belnick**. It did not occur to you that despite disclaimers of U.S. Government involvement somebody might be able to use the text of that agreement to indicate that the United States through the Embassy had committed itself to supplying military needs of Eden Pastora? That was not your view?

Mr. **Tambs**. My view was that we should report to Washington what we had found out. And that is what we did.

Mr. **Belnick**. Sir, would you look at LAT exhibit 4, which is a cable that you then received from the Secretary of State, in which he told you that, at his request, the State Department legal adviser had reviewed the issues, the legal issues, raised by the agreement, and the Secretary continued,

Based on his review, the legal adviser concludes that it is impossible to rule out the possibility that your disclaimers of U.S. Government involvement notwithstanding, Pastora might attempt to use the Singlaub agreement to pressure or embarrass the United States Government.

You are therefore instructed to inform Pastora that Singlaub is not authorized to negotiate on behalf of the United States, that the U.S. Government does not consider itself bound by Singlaub's agreement, and that U.S. Government policy remains as stated to Pastora on March 7 by me, Secretary of State Shultz, and Assistant Secretary Abrams," et cetera. Did you disagree with that view?

Mr. TAMBS. In what sense?

Mr. BELNICK. That notwithstanding your disclaimers it would be possible for reasonable observers to conclude that the U.S. Government had associated itself with this agreement?

Mr. TAMBS. Pastora had the agreement anyway.

Mr. BELNICK. Did you disagree with the view——

Mr. TAMBS. May I finish?

Mr. BELNICK. Yes, sir.

Mr. TAMBS. We were reporting on an agreement made between two private individuals. It is our job to report. If we did not report, Pastora would still have the agreement; right?

Mr. BELNICK. But, sir, your report did not contain any disclaimer of U.S. Government involvement, did it? Exhibit 1.

Mr. TAMBS. Well, if you look at exhibit 1, it is my impression—and once again, reasonable men can disagree, right? —is that it opens with an agreement between two private individuals which is—what else can you do? What else can you say?

Mr. BELNICK. Sir, did you carry out the instructions to inform Eden Pastora that the U.S. Government did not consider its bound?

Mr. TAMBS. We did.

Mr. BELNICK. When did you so inform Commander Pastora?

Mr. TAMBS. Well, I found out that he was out of the country. Wasn't it? Isn't that what we say in our reporting cable? We made an effort to find him, but I think he had gone to Washington.

Mr. BELNICK. Did you ever find him thereafter and convey the information that the U. S. Government disclaimed that agreement?

Mr. TAMBS. Well, I wasn't going to talk to him anyway because I never talk to——

Mr. BELNICK. So you didn't speak to him about that?

Mr. TAMBS. No.

Mr. BELNICK. Did you speak to General Singlaub about that?

Mr. TAMBS. No.

Mr. BELNICK. All right, sir. Now, do you have an understanding of why, in light of the instructions, you believed you had been receiving theretofore from the RIG about the Southern Front and the airfield, why it was that the Department of State reacted as it did, Assistant Secretary Abrams included, to your transmission of this report about the agreement involving Singlaub and Pastora?

Do you know why they reacted so vehemently against it?

Mr. TAMBS. No, I have no idea.

Mr. BELNICK. And you never discussed that with them?

Mr. TAMBS. No.

Mr. BELNICK. Now, sir——

Chairman HAMILTON. May I interrupt again simply to notify Members of the House a vote is pending on final passage of the Older American's Act. You may proceed.

Mr. **Belnick**. I just have several more questions, Mr. Chairman.

Sir, how did you communicate with the RIG in Washington about your activities generally regarding the airstrip, regarding the opening of the Southern Front, regarding the carrying out of your mission as you understood it?

Mr. **Tambs**. My contacts were very limited, Mr. Belnick—is that I recall sending maybe two or three cables in 18 months, a limited number of phone calls—is that Mr. Castillo was the channel which went back to the RIG.

Mr. **Belnick**. Did anyone from the State Department instruct you that Mr. Castillo was to be your channel back to the RIG?

Mr. **Tambs**. No.

Mr. **Belnick**. And the channel, as you used it, as I understand it, sir, was that you would convey information to Tomas Castillo and assume that he was channeling it back through CIA channels to the RIG, correct?

Mr. **Tambs**. Yes. And that was confirmed on numerous occasions because obviously if the other two members of the RIG, three members if you wish, were abreast of developments, obviously the information was leading them.

Let me explain to you how an embassy works. Most embassies have two communications systems. All right? They have basically a State Department communications system, which includes, you know, cameras and you name it, and then it has a CIA station transmission system.

Mr. **Belnick**. All right, sir.

Mr. **Tambs**. And you are probably aware that distribution of messages through state channels can only be described as generous. And since we were operating on a need-to-know basis, we have believed it prudent to use the CIA channel.

Mr. **Belnick**. All right, sir. Do you know of any occasion when Mr. Castillo spoke to Assistant Secretary Abrams, to your knowledge?

Mr. **Tambs**. You mean over the phone or something?

Mr. **Belnick**. Yes. About any of these matters.

Mr. **Tambs**. No, no.

Mr. **Belnick**. Did you ever see any cables from Mr. Castillo back to the RIG?

Mr. **Tambs**. Did——

Mr. **Belnick**. Concerning the Freedom Fighters.

Mr. **Tambs**. The CIA does not show you the originals.

Mr. **Belnick**. Did you see any copies?

Mr. **Tambs**. Wait a minute. Originals or original copies. What you get is a sanitized version with all sorts of things—sort of like this—cut out, and that is what, you know, you read. OK?

Mr. **Belnick**. All right, sir.

Did you ever appear at any RIG meetings?

Mr. **Tambs**. No.

Mr. **Belnick**. Did you ever receive any written instructions from the RIG concerning the Freedom Fighters?

Mr. **Tambs**. No.

Mr. **Belnick**. All right, sir. Now, you resigned from your post in January of 1987?

Mr. TAMBS. No, I actually resigned, sent in my resignation in early December 1986.

Mr. BELNICK. As I understand it, that resignation had nothing to do with the controversy that had developed and led to these hearings.

Mr. TAMBS. That is correct, Mr. Belnick. In July of 1986, I wrote the President of Arizona State University, J. Russell Nelson, telling him, as we had previously agreed, I would return to full-time teaching in the spring of 1987.

Mr. BELNICK. And when you announced your resignation to the staff in December of 1986, you said in substance that you believed you had accomplished the mission involving the opening of the Southern Front that you had been sent down to accomplish?

Mr. TAMBS. Yes, sir.

Mr. BELNICK. All right, sir.

And you are currently back at Arizona State as a full professor specializing in Latin American history.

Mr. TAMBS. That is correct.

Mr. BELNICK. Thank you very much, Mr. Ambassador.

Mr. Chairman, I have no further questions.

Chairman INOUYE. OK. Thank you very much.

Mr. Ballen.

Mr. BALLEN. Thank you very much. I just have a few questions.

Ambassador Tambs, were you ever aware of C-7 aircraft that belonged to the private resupply group obtaining information to land at the international airport?

Mr. TAMBS. C-7?

Mr. BALLEN. C-7 or any other aircraft belonging to the—that is a Caribou?

Mr. TAMBS. Belonging to——

Mr. BALLEN. This private group.

Mr. TAMBS. Yes.

Mr. BALLEN. What do you know in that regard? Were you asked to obtain permission of the Costa Rican Government for the refueling to occur?

Mr. TAMBS. These aircraft were—this is when, July or August.

Mr. BALLEN. That would be—from approximately the June through July 1986.

Mr. TAMBS. In other words, this was after the Santa Elena airstrip had been shut down.

Mr. BALLEN. Correct, sir.

Mr. TAMBS. Yes, on at least one occasion, and possibly on two, I was advised that an aircraft would have to land because it did not have sufficient fuel to return to base.

All right?

And at that time I asked two of my officers—this is very early in the morning—to make certain the aircraft was refueled and gotten out of there as quickly as possible.

Mr. BALLEN. You said that you were advised of this. Who advised you?

Mr. TAMBS. Tomas Castillo.

Mr. BALLEN. And did you seek to obtain permission of the government?

Mr. TAMBS. No.

Mr. BALLEN. How could the aircraft land without permission?

Mr. TAMBS. Well, it just landed. It was refueled and it took off.

Mr. BALLEN. It didn't have to be cleared by the officials at the airport, the international airport?

Mr. TAMBS. Well, I understand it was cleared by officials at the airport. If you want—if you are talking about me talking to somebody, no.

Mr. BALLEN. Do you know——

Mr. TAMBS. My officers were acting under my instructions, and I am responsible—I want to make that clear. Here again, you have a choice. You have American pilots whose lives are at stake, and at the same time, you have people dying in the swamps and jungles of southern Nicaragua, and are you going to abandon them?

Mr. BALLEN. Ambassador Tambs, let me ask you this question. Did you ever receive any communications from Colonel North asking you to obtain Costa Rican Government approval for refueling at the international airport?

Mr. TAMBS. No. It may have—I never had any direct communication with North on that at all.

Mr. BALLEN. Do you know whether anyone—Mr. Castillo or anyone else—referred you to those kinds of communications from North on refueling flights?

Mr. TAMBS. I am sorry, would you repeat that?

Mr. BALLEN. Did anyone else, to your knowledge, have that kind of communication that was in turn relayed to you?

Mr. TAMBS. Did anyone else have that kind of information?

Mr. BALLEN. Yes. Specifically, Mr. Castillo, Tomas Castillo.

Mr. TAMBS. He was the one who advised me of the aircraft.

Mr. BALLEN. Did he tell you whether or not he had spoken to Colonel North?

Mr. TAMBS. Not that I recall.

Mr. BALLEN. Very good.

Mr. Chairman, I have no further questions.

Chairman INOUYE. Mr. Van Cleve.

Mr. VAN CLEVE. No questions, Mr. Chairman. Thank you.

Chairman INOUYE. Ambassador Tambs, I believe in your testimony you indicated that the major objective of your assignment in Costa Rica was to assist patriotic Americans in aiding the Freedom Fighters; is that correct?

Mr. TAMBS. Well, that was one of my tasks.

Obviously, I had other things to do, Senator. I would like to make it clear that the best guarantee of a continued prosperous and democratic Costa Rica is a prosperous and democratic Nicaragua.

Consequently, since I have been in and out of Costa Rica since about 1957, I believe very sincerely that by aiding the Nicaraguan Freedom Fighters we would, in effect, buttress Costa Rican democracy.

And, of course, one reason that they were amenable to an airstrip was their consistent and persistent, perhaps better said, and very real fear of invasion from their Goliath to the north, which in that case is Nicaragua.

Chairman INOUYE. I have before me a letter dated August 14, 1985, from the Secretary of State to you on the eve of your assignment as chief of mission in San Jose. This letter to you is marked "secret," and this letter has no reference to giving assistance to the Contras.

Mr. TAMBS. I believe, sir, that I was already in Costa Rica at that time.

Chairman INOUYE. Wasn't it strange that the Secretary of State would not mention the importance of the Contras in this letter to you?

Mr. TAMBS. Frankly, it would seem more strange if he had mentioned it.

Chairman INOUYE. I see.

In response to a question relating to the Boland Amendment in which you indicated that you weren't quite certain as to the legal implications, you said, "One who takes the king's schillings, does the king's bidding."

Mr. TAMBS. Yes, sir.

Chairman INOUYE. Who is the king?

Mr. TAMBS. Well, I would assume it would be the U.S. Government.

Chairman INOUYE. The President of the United States?

Mr. TAMBS. Why, you could character that, I suppose.

Chairman INOUYE. Now, Mr. Belnick showed you exhibit 4, I believe, in which the State Department—the Secretary of State, specifically—expressed his concern over your relationship with General Singlaub and said the following:

> You are, therefore, instructed to inform Pastora that Singlaub is not authorized to negotiate on behalf of the United States; that the United States Government does not consider itself bound by Singlaub's agreement; and that the United States Government policy remains as stated to Pastora on March 7 by me.

Did you notify Mr. Pastora?

Mr. TAMBS. Upon receipt of this cable, sir, we searched for Mr. Pastora. He was out of the country. It is my understanding that the officer who was directed to tell him finally did catch up with him, but I won't swear to that. It was his instructions to do so, though.

Chairman INOUYE. Did you notify General Singlaub?

Mr. TAMBS. No. Does it say that here?

My reading of the cable at that time, sir, was that I was supposed to send somebody to talk to Mr. Pastora. Certainly, General Singlaub had departed Costa Rica and he was back in the United States.

Chairman INOUYE. When you saw Mr. Pastora in Washington in July, did you carry out your instructions?

Mr. TAMBS. I met Mr. Pastora in July of 1985, prior to my departure to Costa Rica, sir.

Chairman INOUYE. It bothers me, Mr. Ambassador, that as we find ourselves on the 200th anniversary of our Constitution in having private citizens conducting a war in the name of the United States and private citizens entering into agreements in the name of the United States.

Does that concern you?

Mr. TAMBS. Well, sir, I called that to General Singlaub's attention when he gave me a copy of the agreement and pointed out to him that he was not the U.S. Government, and he agreed.

Now, on the other hand, you remember Cordell Hull when he talked about U.S. foreign policy, he said, first of all, U.S. foreign policy must be in the interests of the United States, and secondly, it must be a consistent foreign policy.

So, I—a reasonable person could assume that perhaps General Singlaub was attempting to be consistent—that is, in aiding the Nicaraguan Armed Democratic Resistance. After all, there are groups, as you know, sir, who are aiding the Sandinista Government from the United States. So, there appear to be people on both sides.

Chairman INOUYE. So, as long as you believe that it is in the best interests of the United States, you are free to carry out what you consider to be the foreign policy of the United States?

Mr. TAMBS. No, sir, I am not suggesting that whatsoever. Obviously, we are bound by the laws and the Constitution, but once again, the cable of this agreement between two private individuals—excuse me—was a reporting cable. And it is our duty, or our job to tell Washington what is going on. Obviously they——

Chairman INOUYE. You got your marching orders on the opening of the Southern Front from Colonel North?

Mr. TAMBS. Yes, sir.

Chairman INOUYE. You did not get this direction from the Secretary of State?

Mr. TAMBS. No, sir.

Chairman INOUYE. You were also instructed by the Assistant Secretary, Mr. Abrams, to effectuate the carrying out of the second front?

Mr. TAMBS. The Assistant Secretary was abreast of all the developments when I saw him on various occasions, and I assumed, consequently, that he and the other members of the RIG were directing this. This was confirmed as late as September 1986, when we had another chief of missions meeting at Homestead Air Force Base in Florida, in which the three members of RIG, as well as other people, were present when the CIA—the senior—what is the name of that?

The Chief of the CIA Central American Task Force gave a presentation which reviewed the entire situation in the presence of some 30 to 35 people.

Chairman INOUYE. If the Secretary of State had instructed you to cease and desist in carrying out the second front, would you have listened to his orders or that of Colonel North?

Mr. TAMBS. Obviously, the Secretary of State.

Chairman INOUYE. You didn't consider this message from the Secretary to be important enough to pursue Pastora, did you?

Mr. TAMBS. Sir, I did not talk in Costa Rica to any of the military commanders. I instructed an officer to advise Eden Pastora of the Secretary's position. Eden Pastora was not in the country.

I requested the officer to pursue him and tell him when he returned, but since, if I recall correctly, sir, Mr. Pastora was going over to State anyway, one could assume that they would tell him. As I recall correctly, he was going—coming up here to Washington to see people at the State Department.

Chairman **Inouye**. So you did not respond to the Secretary as he directed you? He says, "Please report when this has been done together with Pastora's response."

Mr. **Tambs**. Wasn't there another cable, sir, saying that we had pursued him but he was out of the country?

Here it is, sir. Here is my response, if you would care to look at it. It didn't have a number on it. Here it is.

That is what? No. 5, sir?

Chairman **Inouye**. Is that your report to Secretary Shultz?

Mr. **Tambs**. Yes. That is a reference back to the cable proceeding it. So we did report back, as you can see, sir.

Chairman **Inouye**. You did report back to say that you were not able to meet with Pastora?

Mr. **Tambs**. Yes.

Chairman **Inouye**. Would you be surprised if you were told that Secretary Abrams has testified that he was not aware of the construction of the airstrip before it was started?

Mr. **Tambs**. Well, I can't speak for Secretary of State Abrams. I would be somewhat surprised but——

Chairman **Inouye**. Is his memory failing him?

Mr. **Tambs**. Well, he might have been distracted. I don't know what context that he possibly received the information, or whatever, and really only he can speak for himself. I can't speak for him.

Chairman **Inouye**. In fact, he has testified that he does not recall discussing this assignment with you at the September 1985 Central American Chiefs of Mission Conference.

Mr. **Muse**. Could you repeat that question, Senator?

Chairman **Inouye**. Secretary Abrams has testified that he does not recall discussing this assignment with Ambassador Tambs during the September 1985 Central American Chiefs of Mission Conference.

Mr. **Tambs**. I did not know, sir, that he testified that.

Chairman **Inouye**. But you are convinced that at that time he did discuss it with you as you have testified?

Mr. **Tambs**. Yes, sir.

Chairman **Inouye**. On this press conference that was considered by the Costa Rican Government to possibly expose the existence of this airstrip, you did call the President of Costa Rica?

Mr. **Tambs**. That is correct, sir.

Chairman **Inouye**. In receiving your instructions from Colonel North, did Colonel North provide you with any limits as to what you could do to get the Costa Rican Government to do your bidding?

Mr. **Tambs**. No. He just—he indicated that it was counterproductive, and he asked me to talk to the President. And so I did.

Chairman **Inouye**. Was any quid pro quo provided or any threat or suggestion?

Mr. **Tambs**. No. No, sir.

Chairman **Inouye**. The President was just amenable?

Mr. **Tambs**. Yes. He is a very decent man.

Chairman **Inouye**. Where do you think your orders were coming from when you received direction from Colonel North?

Mr. **Tambs**. I believe that they—and still do, sir, believe that they were coming from the RIG.

Chairman **Inouye**. And where did the RIG get its orders from?

Mr. **Tambs**. That, I can't say, sir.

Chairman **Inouye**. You are a professor of Diplomatic Relations?

Mr. **Tambs**. Well, I do teach the course. My main specialty, sir, is in Latin American history, Inter-American relations. I have taught that course, sir.

Chairman **Inouye**. Do you believe that decisions of this stature and nature can originate and be implemented by a second-level bureaucrat?

Mr. **Tambs**. Well, you know, there is a hierarchy in this world, right? And I don't believe they could, but that would only be speculation on my part.

Chairman **Inouye**. Did it seem rather strange to you that a lieutenant colonel can tell you, an Ambassador, who under any code of protocol would outrank him, tell you what to do?

Mr. **Tambs**. Well, I assumed he was speaking for people in higher authority. That is all I can tell you.

Chairman **Inouye**. And you were convinced that everything you did was in the interests of the United States?

Mr. **Tambs**. That is correct, sir.

Chairman **Inouye**. And you were convinced that every action taken was legal.

Mr. **Tambs**. Yes, sir.

Chairman **Inouye**. And that it did come from higher authority?

Mr. **Tambs**. Yes, sir.

Chairman **Inouye**. I thank you very much, Mr. Ambassador.

Mr. **Tambs**. Thank you, sir.

Chairman **Hamilton**. Before proceeding to the next questioner, I want to observe that after this witness, we will be taking the testimony of a senior CIA official in Central America who was a covert operative. The testimony will be taken in executive session solely to protect his identity and that of his family.

The transcript of his testimony will be declassified and released to the public within 24 hours of the time his testimony is completed.

I will entertain a motion from Mr. Cheney, the Ranking Minority Member of the House Committee, regarding conducting that hearing in closed session.

Mr. **Cheney**. Mr. Chairman, in light of the sensitive nature of the material to be discussed, I move the committee meet in executive session.

Chairman **Inouye**. Mr. Chairman?

Chairman **Hamilton**. Mr. Chairman?

Chairman **Inouye**. Since the hearing on the CIA witness will be a joint one by the House and Senate Committees, I offer a motion to the Senate Select Committee that its hearings on this witness be closed.

Mr. **Rudman**. Mr. Chairman, I second the motion of Chairman Inouye.

Chairman **Hamilton**. We have then before us a House motion and a Senate motion to close the hearings.

Is there discussion from either House or Senate Members?

Hearing none, the question for the House Members is on the House motion to close the hearing on the CIA witness.

After that, the Senate Committee will decide its motion.

The clerk will call the roll of the House Members.

Ms. **RAYNER**. Mr. Hamilton.

Chairman **HAMILTON**. Aye.

Ms. **RAYNER**. Mr. Fascell.

Mr. **FASCELL**. Aye.

Ms. **RAYNER**. Mr. Foley.

[No response.]

Ms. **RAYNER**. Mr. Rodino.

Mr. **RODINO**. Aye.

Ms. **RAYNER**. Mr. Brooks.

Mr. **BROOKS**. Aye.

Ms. **RAYNER**. Mr. Stokes.

Mr. **STOKES**. Aye.

Ms. **RAYNER**. Mr. Aspin.

[No response.]

Ms. **RAYNER**. Mr. Boland.

Mr. **BOLAND**. Aye.

Ms. **RAYNER**. Mr. Jenkins.

[No response.]

Ms. **RAYNER**. Mr. Cheney.

Mr. **CHENEY**. Aye.

Ms. **RAYNER**. Mr. Broomfield.

Mr. **BROOMFIELD**. Aye.

Ms. **RAYNER**. Mr. Hyde.

Mr. **HYDE**. Aye.

Ms. **RAYNER**. Mr. Courter.

Mr. **COURTER**. Aye.

Ms. **RAYNER**. Mr. McCollum.

Mr. **MCCOLLUM**. Aye.

Ms. **RAYNER**. Mr. DeWine.

Mr. **DEWINE**. Aye.

Ms. **RAYNER**. The ayes are 12, the noes are zero.

Chairman **HAMILTON**. The motion to close the hearing is carried. Mr. Chairman?

Chairman **INOUYE**. The question is now on the motion to close the hearing of the Senate Select Committee on the CIA witness.

The clerk will call the roll.

Ms. **DURFLINGER**. Mr. Mitchell.

Mr. **MITCHELL**. Aye.

Ms. **DURFLINGER**. Mr. Nunn.

[No response.]

Ms. **DURFLINGER**. Mr. Sarbanes.

Mr. **SARBANES**. Aye.

Ms. **DURFLINGER**. Mr. Heflin.

Mr. **HEFLIN**. Aye.

Ms. **DURFLINGER**. Mr. Boren.

Mr. **BOREN**. Aye.

Ms. **DURFLINGER**. Mr. McClure.

Mr. **MCCLURE**. Aye.

Ms. **DURFLINGER**. Mr. Hatch.

Mr. **HATCH**. Aye.

Ms. **DURFLINGER**. Mr. Cohen.

Mr. **COHEN**. Aye.

Ms. **DURFLINGER**. Mr. Trible.

Mr. **TRIBLE**. Aye.

Ms. **DURFLINGER**. Mr. Rudman.

Mr. **RUDMAN**. Aye.

Ms. **DURFLINGER**. Mr. Inouye.

Chairman **INOUYE**. Aye.

Ms. **DURFLINGER**. Ten ayes; no nays.

Chairman **INOUYE**. The motion is carried.

Chairman **HAMILTON**. We will continue with the questions to the Ambassador with Mr. DeWine.

Mr. **DEWINE**. Thank you very much, Mr. Chairman. Mr. Ambassador, thank you for being with us today.

Mr. Ambassador, let me start by asking you maybe a broad question. You are a specialist in Latin American affairs. This is what you teach. In fact, you just told us that you teach history, history of the area. You have also served as an Ambassador to Colombia. You served as our Ambassador to Costa Rica at a very crucial time.

Why, can you tell us why a little country of under three million people like Nicaragua should be considered to be posing a threat to the other democracies of the region? It is very difficult, frankly, for some of our constituents to understand that, why some of us are concerned about that.

What is the threat that you see?

Mr. **TAMBS**. Well, obviously the United States is larger than Nicaragua. You hear many times David and Goliath thesis. If you want to really look at the David and Goliath thesis in the context of Central America, the Goliath is Nicaragua compared to its neighbors.

Mr. **DEWINE**. Why is that?

Mr. **TAMBS**. Well, earlier I gave you some of the weaponry that they have acquired which is all out of proportion to what the region has ever had before. Additionally, I think there is something which might touch upon and that is that in my view, the Soviets have three major strategic moves underway. One is to surround geographically the People's Republic of China. Vietnam is part of that.

Two, it is to prevent or to deny the West industrialized nations access to oil and ore, which means the Middle East and southern Africa.

Third, it is to isolate the United States from its friends and allies and trading partners in Latin America. Now ever since the Spanish-American War, the United States has really not been obliged to divert massive forces of men, material, or money southward. In effect, our ability to project power eastward across the Atlantic to western Europe and the Middle East and westward across the Pacific to Asia depends upon a cooperative Caribbean and a supportive South America. We have that.

To a great extent our southern frontier is, of course, our soft underbelly. Now, the Sandinistas are dedicated to exporting revolutions. It is one of their slogans. One of the problems, of course, is that with Communist totalitarianism, aside from subversion and penetration which is going on in Honduras and El Salvador, is that there are massive flows of innocent people, refugees.

Costa Rica faces this problem. Costa Rica only has 2½ million citizens, and it has between 120,000 and 250,000 Nicaraguan refugees, which is destabilizing the country.

Now when the Communists take over, somewhere between 10 and 20 percent of the people usually leave. And obviously as the Sandinistas export revolution, as they say they are going to, revolution without frontiers—revolucion non frontera—is that people will be affected in the rest of Central America and perhaps even Mexico.

We have the possibility of the destabilization of the entire region which is going to have, of course, effects here in the United States. We tend to forget that San Antonio, TX, is closer to Nicaragua than it is to Washington. We in the West are perhaps somewhat more cognizant of geography than others.

Mr. DEWINE. Mr. Ambassador, very briefly because my time is limited, could you tell us during the time that you were Ambassador to Costa Rica, what the attitude was by the Costa Ricans about the threat from Nicaragua?

Mr. TAMBS. The Costa Ricans——

Mr. DEWINE. Costa Rica with virtually, what, no military at all?

Mr. TAMBS. The Costa Ricans, as you know, supported the Sandinista revolution. They virtually gave up their national sovereignty over the entire northern frontier. Some 37 Cuban aircraft landed in Iano Grande, the airfield in the west laden with weapons for the Sandinista revolution.

And the Costa Ricans believed, as many of us did, that the Sandinista revolution would be one of center left, Social Democrats, Christian Democrats, and the tragedy, of course, is that it is a revolution betrayed, and the Costa Ricans feel betrayed more than anyone else because they supported the Sandinista revolution against the tyranny of Somoza, and they fear, with good reason, destabilization from Nicaragua.

There are some five terrorist groups, Communist based, in Costa Rica who received training and funds from Nicaragua. But additionally, what Costa Rica needs is investment in productivity. As long as you have a Marxist-Leninist totalitarian regime in Nicaragua, money and technology, which the country needs, is not going to come. That is one of the great tragedies in the long pull.

Mr. DEWINE. Mr. Ambassador, let me change the subject for a moment. I know you have been questioned about the Boland Amendment. I don't want to replow that same ground. You have your opinion about it and it is what you consider its applicability and your contact with it, I think very clear in your testimony.

I want to make sure we leave these hearings with the essential facts, that we have the facts pinned down, and I guess we are all going to argue about what the Boland Amendment really means for a long period of time. I suppose ultimately the courts are going to decide. I want to make sure we have the facts.

It is my understanding that there were no appropriated government funds used for the construction of this airstrip; is that correct?

Mr. TAMBS. To my knowledge, it was all private funds.

Mr. **DeWine**. The materials were not in any way paid for by the U.S. Government?

Mr. **Tambs**. No, sir, not to my knowledge.

Mr. **DeWine**. The laborers out there, who actually did the physical work, they were not paid for in any way, to your knowledge, by U.S. funds?

Mr. **Tambs**. No, sir. That's correct.

Mr. **DeWine**. How many people in your Embassy, just give me the number, actually knew what was going on as the construction was taking place?

Mr. **Tambs**. As the construction was taking place?

Mr. **DeWine**. As it was taking place?

Mr. **Tambs**. Probably about four.

Mr. **DeWine**. Now, there has been one theory that has been put forward that anybody who is on Government payroll, that their salary is attributable to time they spent maybe on this airstrip, and therefore there was a violation of the Boland Amendment.

Mr. **Tambs**. They were not out there driving a bulldozer.

Mr. **DeWine**. I didn't figure they were, but let me just take this to its ultimate extreme. Would you have any idea how many hours you spent in regard to negotiations about this airstrip or what portion of your total time that you were working, you spent on that?

Mr. **Tambs**. Well, I really didn't negotiate for the airstrip.

Mr. **DeWine**. You had some contact with the Government?

Mr. **Tambs**. Yes. What are we talking about? Maybe 40 minutes, maybe 1 hour and 40 minutes. You know, we are not talking——

Mr. **DeWine**. You had some discussion, I assume, in the Embassy with these three other people, so maybe we can attribute some time to that, too, I assume. Would that be correct?

Mr. **Tambs**. Yes, I suppose.

Mr. **DeWine**. So you have some time in it, but would it amount to more than 2 percent of your time that year?

Mr. **Tambs**. Well, no. Considering the fact that I was on a 60- to 80-hour week, the time is really even less. If you want to give my first 40 hours strictly to the Government, then I was doing it on my own time.

Mr. **DeWine**. All right. Let me move to another area, Mr. Ambassador. I want to clarify some things and you have been through this, but I want to make sure I understand it.

You testified that before you went to Central America, before you assumed your position as Ambassador in Costa Rica, that you talked to Ollie North, and you quote him as saying, "We want you to open up a southern front."

Was there anybody else that you talked to prior to going down there who told you, gave you any kind of instructions about opening a southern front? Was there anybody else in the U.S. Government that you can recall?

Mr. **Tambs**. Not that I recall. Briefly I met the chairman of the CIA Central American Task Force. We touched peripherally on this.

Mr. **DeWine**. But no instructions from him about that?

Mr. **Tambs**. No.

Mr. **DeWine**. All right.

Mr. TAMBS. It was obvious that he knew what had been discussed, if you wish to put it that way.

Mr. DEWINE. But I want—it is important we get exactly what the facts are as far as the discussion, and we are not in a court of law and we don't have the hearsay rule, but you and I for the next 5 minutes are going to pretend like we do have a hearsay rule, if that is all right with you, Mr. Ambassador. We are going to talk about what you heard.

You have been very plain and open with us so far. I appreciate that. I want to go through it again and make sure I fully understand it.

You had a conversation with Elliott Abrams in Panama at this Panama meeting, I believe; is that correct?

Mr. TAMBS. Yes.

Mr. DEWINE. Was that the first time any discussion had taken place between you and Mr. Abrams in regard to this airstrip or Southern Front?

Mr. TAMBS. That is correct.

Mr. DEWINE. All right.

And how long did that conversation last? Do you have any idea?

Mr. TAMBS. What, 3 minutes? Four?

Mr. DEWINE. My understanding is it was in the hallway.

Mr. TAMBS. That is right, exactly.

Mr. DEWINE. At that time, did he give you any specific instructions about what to do in regard to the Southern Front or in regard to the airstrip?

Mr. TAMBS. No, he didn't give me anything, tell me anything not to do either.

Mr. DEWINE. You got the impression he knew what was going on, but there is no, no instructions.

Is that my understanding?

Mr. TAMBS. That is correct.

Mr. DEWINE. Did he at any time give you any instructions about that later on?

Mr. TAMBS. Well, no, on a couple times——

Mr. DEWINE. Specific orders, something that you would follow?

Mr. TAMBS. No.

Mr. DEWINE. Either way?

Mr. TAMBS. No.

On one occasion, I now, at least two, he expressed his concern about reluctance of the new government.

Mr. DEWINE. All right.

At what point in time?

Mr. TAMBS. I would not say that that was an instruction.

Mr. DEWINE. Anybody else in the U.S. Government with the exception of Mr. North and with the exception of the CIA Station Chief down there, did you get instructions from anybody else about this airstrip?

Mr. TAMBS. No, no. I discussed it, as I testified earlier, with Mr. Casey.

Mr. DEWINE. All right.

Now——

Mr. TAMBS. But he is not giving me instructions.

Mr. DEWINE. He's not giving you instructions. That is at some later date, I believe?

Mr. TAMBS. Yes, right.

Mr. DEWINE. I want to make sure I understand.

Is it my understanding, Mr. Ambassador, that your contact in regard to this whole operation was primarily with your CIA Station Chief? Is that a fair statement or not?

Mr. TAMBS. Yes, sir, in general, that is correct.

Mr. DEWINE. All right.

You also had some contact with Ollie North; is that correct?

Mr. TAMBS. Yes. Very peripheral, yes.

Mr. DEWINE. Peripheral with Ollie North?

Mr. TAMBS. Yes.

Mr. DEWINE. Now, you have testified that you assumed that the instructions were coming from the RIG; is that correct?

Mr. TAMBS. Right.

Mr. DEWINE. But as far as your direct contact—I want to keep it to that—as far as your direct contact, that contact was coming from the CIA Station Chief, he is the person you dealt with on a daily basis, you would give a message to or he would give you a message back; is that right?

Mr. TAMBS. Well, I am not saying we saw each other every day. We might see each other once a week and then see each other two times a day.

If you recall, I noted today that in September of 1986, when we had the Chief of Missions meeting in Homestead Air Force Base, all of the principles of the RIG were there and, you know, the Chairman of the CIA, Central American Task Force, went through the entire situation in Central America, including the airfield and the Southern Front.

Mr. DEWINE. And what date was that, Mr. Ambassador?

Mr. TAMBS. Yes, what date was that?

Mr. DEWINE. Yes. I missed it. You said it.

Mr. TAMBS. I believe it was about the middle of September 1986.

Mr. DEWINE. Of 1986?

Mr. TAMBS. Yes.

Mr. DEWINE. And you assumed your duties in Costa Rica when?

Mr. TAMBS. In July of 1985. What I am suggesting to you, sir, is that everything which we had tried to do or had done was well known to what I considered to be the principals of the RIG.

Mr. DEWINE. I appreciate that and you have been very clear on that. What I am trying to do is just again define who you were dealing with. We are putting this story together and one piece of the puzzle at a time. We will get to the rest of it.

A lot of those witnesses are going to come and they will be testifying as well.

Mr. Ambassador, it is my understanding, I just want to bring this out because I am not sure it was totally clear in your earlier testimony, your work in Colombia was, frankly, very extraordinary. It is not the type thing we usually associate with U.S. Ambassadors, but it was your instruction that you received from Judge Clark, you went down there, your life was threatened, your family had to be evacuated, you hung in there and you stayed down there.

It is my understanding your family was actually taken to a base up somewhere in North America to get out of there.

Mr. TAMBS. Yes. In the winter, too.

Mr. DEWINE. Far North, as I recall.

It is also my understanding that three names were left, I believe an airfield of people who were going to be killed and two of those were killed and your name was one of the three.

So it was a tough, tough time down there, and your service down there, I think, is very commendable and we certainly appreciate it very much.

Let me ask a final question, Mr. Ambassador. In your dealings with Costa Rica, what was their attitude and, if you know, the attitude of other Central American countries, about commitments from the United States? Do they have faith in our commitment? Do they worry about them?

What can you—can you shed any light on that?

Mr. TAMBS. I think that is a very important question because the major fear among the Central Americans, I can only speak firsthand for Costa Rica, is that the United States is going to get them out front and then abandon them and cut its own deal with the Sandinista Government.

Now, the Costa Ricans are very well-educated and sophisticated people, and when they talk about the allies that the United States has abandoned, they don't start with the Baltic Republics, the Poles and Romanians in 1945. The Costa Ricans will start with the Armenians in 1919. And they, in effect, have somewhat less than full faith in the United States' will and stamina to its commitments to defend democracy in Central America.

That is one of our major problems.

Mr. DEWINE. My time is up, Mr. Ambassador. Thank you very much.

Chairman HAMILTON. Senator Rudman.

Mr. RUDMAN. Thank you very much. I will not use the 15 minutes. Whoever else is in line? I want to just advise them—I expect to use a great deal less of it.

Ambassador Tambs, it is good to see you again. You have been a very candid witness, very refreshing. You are a private citizen, came into government service in what, 1982?

Mr. TAMBS. Yes, sir.

Mr. RUDMAN. And in for about 4 or 5 years and out again. Back to your former pursuits. You have taken full accountability for what you did. You let it stand out there. You don't run and hide. And you have been very candid. I don't have a lot to ask you.

I was kind of interested in your interview in the *New York Times* on the 3d of May, because it is quite a contrast, not to your testimony here today, but to what I guess you stand for.

Let me just recount just a few bits of that to you verbatim. It was a great story, Mr. Ambassador. I enjoyed it, so I saved it knowing you would be here. It was by Joel Brinkly in the *New York Times* on the 3d of May. And there were three quotes I thought stood out.

The first one, this is you speaking, " 'Now the people who gave us the orders are trying to paint us as running amuck,' said

Tambs, a professor of history at Arizona State University, in his first interview on the subject since leaving office. 'It is insane'."

The next quote was,

> "I am terribly afraid they may now have forgotten giving that approval," Mr. Tambs said. "These guys are trying to save their jobs." You were asked who you were referring to and I am not sure of the other quotes on this. You said the RIG. "I believe they are talking about Mr. Abrams, the fellow in the CIA and North."

That is what you said, right?

Mr. TAMBS. [Shakes head up and down.]

Mr. RUDMAN. And then you finally said, "it is absolutely outrageous to fry lower-level officers here carrying out their orders."

Those are all accurate statements?

Mr. TAMBS. That is correct, yes, indeed.

Mr. RUDMAN. I am just very interested, knowing you to be the measured kind of a fellow you are, that something had to happen over a several month period to cause you to give that interview and make what I believe to be very accurate statements, but still difficult things to say.

Tell us why that finally came about and what your personal feelings were as to what was happening to you. Did you feel you were kind of being hung out to dry?

Mr. TAMBS. No, the fact is as Ambassador I am responsible and was responsible. What I find to be disconcerting, to put it mildly, is to see officers who were carrying out what they believed to be orders from their legitimate superiors now in effect seeing their careers sacrificed. And I am referring specifically to the senior CIA person in Costa Rica, and you have a situation which I think is one which will eventually paralyze the government in the foreign service, and that is if an officer receives an order, first of all, he is going to wonder whether it is legal and consult his lawyer.

But secondly, if he feels—if he carries out an order and his senior officer is going to cut and run if there is an investigation, and investigations, of course, are right and proper, and as I suggested to you today when the question was asked about the aircraft landing at the international airport, those orders to service it were given by me, and those officers were in effect carrying out orders from their legitimate superior.

Mr. RUDMAN. But everything you did in relation to the Southern Front and all of the things involved thereto, things involved even with General Singlaub other than the agreement which we have already discussed today, all those things were essentially a result of directions that you got from relatively high-ranking officials in the White House, the agency, and the State Department.

Mr. TAMBS. That is correct, sir.

Mr. RUDMAN. And you assumed that they had authority to give them.

Mr. TAMBS. Yes.

Mr. RUDMAN. And you carried out their orders to the best of your ability?

Mr. TAMBS. Yes, sir.

Mr. RUDMAN. And now that you did, and you are no longer a part of the establishment, you know, you are off in Arizona teaching so you are not part of the establishment. People are kind of suggesting in their testimony that old Tambs did it all by himself. Does that outrage you?

Mr. **Tambs**. Well, it is very complimentary in a way, isn't it? At the same time, when we discussed the RIG, I thought they were doing a splendid job, and I was delighted to be working with them because they wanted to win.

Mr. **Rudman**. And they ought to stand up and tell us what a splendid job they were trying to do, shouldn't they?

Mr. **Tambs**. I can't speak for them, but——

Mr. **Rudman**. But you would advise that?

Mr. **Tambs**. Yes.

Mr. **Rudman**. I won't get into depositions we have here, but I am not going to get into some of them because some of them would not be seemly, to use your word, to get into here, but I will tell you, Ambassador Tambs, that when the depositions of certain people you have referred to become public as to what they specifically said was their knowledge and what they did and who they told, I think that you all will probably burn up. That is what I think.

Mr. Tambs, one last question. Those Private Patriotic Americans, the acronym——

Mr. **Tambs**. Yes, sir. Do they have an acronym?

Mr. **Rudman**. I don't know what the acronym is, but they were the Private Patriotic Americans.

Mr. **Tambs**. PPA would be the acronym.

Mr. **Rudman**. Did the Private Patriotic Americans view—you knew, of course, who was carrying out their Private Patriotic activities was the Udall Corporation.

Mr. **Tambs**. Yes.

Mr. **Rudman**. You knew that?

Mr. **Tambs**. Yes.

Mr. **Rudman**. Did you know who the principals in the Udall Corporation were?

Mr. **Tambs**. No, sir, I didn't.

Mr. **Rudman**. You didn't know the principals was a Mr. Hakim?

Mr. **Tambs**. No.

Mr. **Rudman**. You didn't know that these Private Patriotic Americans were using—you knew they were using a Panamanian firm?

Mr. **Tambs**. Yes, sir.

Mr. **Rudman**. But you were not aware of the fact the Private Patriotic American construction firm, owned by Mr. Hakim, was registered in Panama and banked in Switzerland, you didn't know that.

Mr. **Tambs**. No, sir. Is Mr. Hakim an American?

Mr. **Rudman**. Yes, he is. He is naturalized American.

Ambassador, you have been very direct. I would not be surprised if at some point in the proceedings you didn't get called back by someone because your testimony, which I think is absolutely truthful, is in absolute conflict with other testimony this committee will have.

You have no reason not to be telling the truth. You have laid it all out and I appreciate it.

Mr. **Tambs**. Thank you kindly, sir.

Chairman Hamilton. A vote is pending again in the House. It is a vote on the rule of the Mineral Leasing Act. Members will be voting. One of the members now voting is Mr. Fascell. He is one of the principal questioners. He will be back in just a few minutes.

I suggest we move forward with your Senators, Senator Inouye, and let them proceed under the 5-minute rule and then when Mr. Fascell comes back, we will go to him.

Chairman Inouye. So be it. Senator Cohen.

Mr. Cohen. Ambassador Tambs at that meeting in September of 1986 at Homestead Air Force Base, you said there were a large group of 30 or 35 people?

Mr. Tambs. Yes, sir.

Mr. Cohen. I assume Mr. Elliott Abrams was there as well?

Mr. Tambs. Yes, sir.

Mr. Cohen. At that meeting, did you discuss the activities of the private benefactor group?

Mr. Tambs. Well, by this time I believe they had the $100 million.

Mr. Cohen. So there was no discussion made?

Mr. Tambs. It was referred to in an historical pass, I suppose.

Once again, sir, there was a discussion which was touched upon earlier in regards to this in passing of the disposal of the assets but that did not really come forward because Mr. North was there, as indeed was the chairman of the CIA Central American Task Force, and apparently they were having different viewpoints in regards to assets, right?

Mr. Cohen. I'm going to ask you about that. In September of 1986, did Colonel North tell you that he was trying to get the CIA to buy the airfield as an asset, and he wanted to get $4 to $5 million?

Mr. Tambs. Yes, sir. He told me that, but not at that meeting. That was earlier, maybe the 3d or 4th of September, in his office in the Old Executive Office Building.

Now, the assets included, to my understanding, the airstrip as well as some other unidentified objects.

Mr. Cohen. But there is no doubt in your mind he did talk about a purchase of the assets of $4 to $5 million?

Mr. Tambs. By the Agency?

Mr. Cohen. By the Agency.

Mr. Tambs. Yes, sir.

Mr. Cohen. Now, who was the private benefactor who always stayed in room 310 of the local hotel?

Mr. Tambs. I wish I knew.

Mr. Cohen. How did you know he always stayed in room 310?

Mr. Tambs. Well, it's because when Mr. Castillo would go to call him he would say, "I'm going to talk to 310," and Mr. X, whoever he was, apparently had a—what do you want to call it—permanent reservation there or something.

Mr. Cohen. You weren't curious as to who 310 was?

Mr. Tambs. Of course I was curious. But since he was working with the Udall Corporation, I wasn't that curious.

Mr. Cohen. Something about the Udall Corporation you didn't want to know about?

Mr. **Tambs**. It isn't that I didn't want to know about it, but is that if the man wanted to remain anonymous, I thought, well, that's fine.

Mr. **Cohen**. Would you tell us Secretary Abrams' assessment of Pastora? Do you know what it was?

Mr. **Tambs**. No, sir, I don't.

Mr. **Cohen**. You never had any discussions about his qualifications?

Mr. **Tambs**. No.

Mr. **Cohen**. Do you know if there was a disagreement between the State Department's assessment of Pastora and the CIA's?

Mr. **Tambs**. Well, I got that impression, but I can't give you anything hard on that, is that the——

Mr. **Cohen**. The question I am trying to ask is, was the State Department upset because Singlaub was negotiating with Pastora or because you sent the cable?

Mr. **Tambs**. Well, frankly that has entered by mind in the months since then. But I don't know. You know, I don't know whether I'm being cynical or suspicious, but that thought did pass my mind. But I have no, nothing besides vibes. OK?

Mr. **Cohen**. Now, who did you think Castillo was reporting to, Colonel North or Mr. Casey?

Mr. **Tambs**. Well, it was my conviction that he was reporting to the chairman of the CIA Latin American Task Force and to North. And I assumed that the chairman of the CIA Central American Task Force was passing word on to the Director.

Mr. **Cohen**. And when Castillo told you President Arias was going to shut down the airstrip, you told him to pass this along to North, right?

Mr. **Tambs**. No. I was in the United States at that time, sir. Is that—I was in Greenbrier, WV. And from what Colonel North told me is that Castillo had phoned North with this information—you're talking about shutting down at the press conference? I'm sorry.

Mr. **Cohen**. Shutting it down.

Mr. **Tambs**. About shutting it down?

Mr. **Cohen**. Arias wanted the airstrip closed?

Mr. **Tambs**. Right. I told Castillo to tell North and Udall Corporation to shut it down.

Mr. **Cohen**. Did you pass that on to the State Department, that information?

Mr. **Tambs**. No.

Mr. **Cohen**. Who was it that complained about the quality of the aircraft General Singlaub was furnishing?

Mr. **Tambs**. I did.

Mr. **Cohen**. Did you witness it yourself, inspect it yourself?

Mr. **Tambs**. No. No. A couple of times, Mr. Castillo said that there was going to be a resupply flight to the armed democratic resistance?

Mr. **Cohen**. But you put it mildly and called it a bunch of junk?

Mr. **Tambs**. Well, the fact is that the planes that were supposed to do the resupply seemed to be broken down in the airfield at Ilopango most of the time.

Mr. **Cohen**. Now, you have also said that in your prior experience with NSC, you came to the conclusion that government does not work.

Mr. **Tambs**. Yes.

Mr. **Cohen**. Did you say that?

Mr. **Tambs**. Yes, sir.

Mr. **Cohen**. And you said the RIG was a mechanism to make it work?

Mr. **Tambs**. Yes.

Mr. **Cohen**. You meant the sub-RIG, didn't you?

Mr. **Tambs**. Well, yes, right.

Mr. **Cohen**. You don't like big committees?

Mr. **Tambs**. No. I'm an academician; I know what they are for.

Mr. **Cohen**. They create camels?

Mr. **Tambs**. Yes, exactly, right.

Mr. **Cohen**. So the solution, you would say, is have a small RIG and you can get things done?

Mr. **Tambs**. Yes.

Mr. **Cohen**. Thanks very much. My time is up. Thank you.

Chairman **Inouye**. Thank you.

Senator Heflin.

Mr. **Heflin**. Ambassador, when you were given your instructions to create a southern front, I believe Assistant Secretary Elliott Abrams was then up for confirmation and a short time thereafter confirmed.

Mr. **Tambs**. That is correct, sir.

Mr. **Heflin**. In the State Department, would he have been your immediate boss?

Mr. **Tambs**. At that time? Prior to my departure?

Mr. **Heflin**. Well, immediately after he was confirmed and you were in Costa Rica

Mr. **Tambs**. Yes, sir. After he was confirmed, right.

Mr. **Heflin**. You were going as a new Ambassador to Costa Rica. He came in as your boss about that time. Do you have evidence to the fact that he knew that your mission was to create a Southern Front?

Mr. **Tambs**. The only evidence I have, sir, is that when, as I recall it, in Panama at the chief of missions' meeting in early September 1985, we touched upon that matter.

Mr. **Heflin**. Was he present?

Mr. **Tambs**. Yes.

Mr. **Heflin**. Did he discuss it?

Mr. **Tambs**. Well, very briefly, you know. It was basically one of those hallway affairs, because there seemed to be a Cecil B. DeMille's cast of thousands, but it was—it was obvious to me, at least as I understand it, that he knew as much about it as I did.

Mr. **Heflin**. All right.

So, when you went to your assignment in Costa Rica, did you discuss your mission with CIA agents there?

Mr. **Tambs**. In Costa Rica, sir?

Mr. **Heflin**. Yes.

Mr. **Tambs**. When I arrived in Costa Rica, is that I called in the DCM, I called in the senior CIA representative, and I called in the DAO, and told them what I had been instructed to do.

So, he was the—the CIA senior representative was there. OK?

Mr. HEFLIN. Would you tell us what you did to get started on your mission other than that? What did you do next after calling them in and discussing it and telling us?

Mr. TAMBS. These were all very intelligent, very capable people, with a lot of experience, so I sat down and I listened to them.

Mr. HEFLIN. And after you listened to them, what did you do and what did they do pertaining to it?

Mr. TAMBS. The question was how you were going to get the armed democratic resistance out of Costa Rica. And, of course, that was something which both the Costa Ricans and we were interested in, and the only way you could get them out of Costa Rica was to assure them that they would have logistical support inside Nicaragua.

And by "inside Nicaragua," we are talking about, you know, 80 to 100 kilometers, say 50 to 60 miles, because there were some forces particularly belonging to Mr. Pastora, who were sitting in Nicaraguan territory on some islands in the San Juan River which were about 5 to 10 feet from the shore of Costa Rica. So, obviously, that was not the sort of thing we were thinking about.

So, the idea is how do you get them to move? Well, you have to feed them, supply them. So, you know, it is like, you know, these are capable people, and you discuss it with them, and you listen to them. You find out what they think.

Mr. HEFLIN. Well, after you listened to them and took action, do you feel that you accomplished your mission?

Mr. TAMBS. Well, eventually there was resistant forces in southern Nicaragua, so I suppose you could say yes.

Mr. HEFLIN. Was the secret-not-so-secret airstrip a part of the mission pertaining to the creation of the Southern Front?

Mr. TAMBS. Yes, sir. You could not get them to go in, with good reason, unless they could be supplied. So, consequently, you had to either go by land, which was impossible, because the Sandinistas had mined the area both inside Costa Rica—a lot of children who were—fleeing refugees were savagely mutilated in that affair; and the only other possibility was maritime, which was out, and that left you with air supply.

Mr. HEFLIN. All right, sir.

How far along in the field, in the area of completion, was this secret-not-so-secret airstrip reached before you terminated any further activity with it?

Mr. TAMBS. Well, I think that is a very, very pertinent question, because theoretically it was completed in the Spring of 1986.

When they sent in aircraft—after the prohibition, I might add—whether it's an emergency landing or not, during the monsoon or the rainy season, it got stuck in the mud.

So, you could debate whether the contractor or the builders had, in effect, completed it. You understand what I mean?

Mr. HEFLIN. Yes. It wasn't paved. It wouldn't be what we would normally think a small town airport would be like, was it? It wasn't paved or any concrete, just a matter of clearing the undergrowth out in order for a landing strip to be there for a plane to land on. That is basically——

Mr. TAMBS. I never visited it.

Mr. **Heflin**. You never visited it?

Mr. **Tambs**. No.

Mr. **Heflin**. If you have seen pictures of it, it would indicate——

Mr. **Tambs**. Yes, I saw photographs of it.

Mr. **Heflin**. You wouldn't think it had any great value, would you, from the viewpoint of the cost of construction?

Mr. **Tambs**. Not really, no.

Mr. **Heflin**. Then, if it were given a substantial value in a—then you would have questions about how much value could be given on a monetary basis for it?

Mr. **Tambs**. Sir, if I recall correctly, the agreement between the Udall Corporation and the owners included the land about it, which was a number, a couple hundred hectors, I think.

So, in other words—you must understand, sir, since it was a covert operation—"not so covert," to use your words—is that you had to have space around it which would, in effect, allow for what you would call security perimeters.

One of the reasons that, obviously, the private benefactors wanted it covert was because it was always a danger one of the Sandinista terrorist groups hitting it or whatever was there. Right?

Mr. **Heflin**. Thank you.

My time is up.

Chairman **Inouye**. Chairman Fascell.

Mr. **Fascell**. Thank you, Mr. Chairman.

Mr. Ambassador, glad to see you again.

Mr. **Tambs**. How have you been?

Mr. **Fascell**. Did we talk last before your went to Colombia or after you came back and before you went to Costa Rica?

Mr. **Tambs**. I saw you in December in the meeting in Miami, if you recall. Right?

Mr. **Fascell**. You know, you have been known, and I certainly see you that way, as a rock-em, sock-em, no-nonsense type of person, cut the red tape, damn the torpedoes, and all that kind of stuff. Is that fair?

Mr. **Tambs**. Well, I certainly—within the framework of the Constitution and the U.S. law, sir.

Mr. **Fascell**. That is the trouble with professors. They anticipate the next question. Well, of course, I understand, and I appreciate your making that remark, because it gets me to a statement that you made that kind of really characterized the way I felt.

You said—and I am quoting you now, just to refresh your memory. I don't expect you to go back and read all this stuff. You said, "I heard about the Boland amendment because it was passed when I was in Colombia, but the fact is, you know, what you are asking is that field officers ought to be constitutional lawyers. If Washington—if the legally-constituted authorities, which in this case was the RIG—tells us to do something, and assuming it is not immoral, then, you know, an officer does it. That is a fact."

That is still the way you feel today, isn't it?

Mr. **Tambs**. Yes, sir.

Mr. **Fascell**. And if you were doing something that was constitutional and within the law and certainly a worthwhile objective—keeping the Communists out of Central America—why would guys cut and run at this point and leave you hanging out there in the wind with regard to this issue?

Mr. **Tambs**. I don't know, sir. You would have to ask them.

Mr. **Fascell**. But you do feel that way, don't you? My perception of what has happened is correct, is it not?

Mr. **Tambs**. Well, I do feel that the field officers have not—who went forward—right—are not being backed up by their superiors who gave them the orders.

Mr. **Fascell**. That is exactly what I meant, and that is the reason why you make it very clear in your testimony every time that you assumed a responsibility.

Mr. **Tambs**. Correct.

Mr. **Fascell**. Because you were the Ambassador?

Mr. **Tambs**. Yes, sir; that is correct.

Mr. **Fascell**. And you don't want any of your men who carried out any of your orders to be held responsible for what you were doing, which you thought your government wanted you to do?

Mr. **Tambs**. Yes, sir.

Mr. **Fascell**. Now, as an ambassador, you are the personal representative of the President of the United States.

Mr. **Tambs**. Yes, sir.

Mr. **Fascell**. And your orders would come either from the President or from—or through the Secretary of State in a normal case?

Mr. **Tambs**. Yes.

Mr. **Fascell**. Normally, that is it?

Mr. **Tambs**. Right.

Mr. **Fascell**. Now in this case, however, we had a special interagency group which was a small kind of an executive committee of a bigger interagency group and that struck me as usual because normally in crises, you have working groups.

You have a working group in the State Department. You have a working group in the CIA. You have a working group over in Defense. Then if it really gets serious, they put one together, all together, but not in this case.

They immediately put a small executive committee together that covered CIA, State Department, and who else?

Mr. **Tambs**. Well, NSC.

Mr. **Fascell**. NSC?

Mr. **Tambs**. Right.

Mr. **Fascell**. OK.

That was the command center for all practical purposes. Certainly what you have said in your testimony, that is the way you got your direction, your orders.

Now, it never occurred anywhere under those circumstances for you to question that authority, did it?

Mr. **Tambs**. No, sir. No.

Mr. **Fascell**. No other reason for you to wonder whether Secretary of State Shultz was in the loop or out of the loop or beside the loop or not even in town.

Am I correct?

Mr. **Tambs**. Yes. That is right.

Mr. **Fascell**. And you did the normal course of what an ambassador should do in reporting back to Washington, DC, hence the first cable that comes in here which somebody took issue with.

But as I see it, you were simply reporting what transpired.

Mr. **Tambs**. That is right.

It is a reporting cable, sir.

Mr. **Fascell**. Well, that is the way I see it, too. That goes through what the normal process, as I recall it, would be, you would sign off on the cable. It would go to the communications room, which is the Station Chief. And he would send it?

Mr. **Tambs**. Right. That is correct.

Mr. **Fascell**. But you would designate whether or not it was going to go direct to the State Department?

Now, in this one, and I don't remember from looking at it—if you would take a quick look at it, I think it says where it was sent. It was not normal distribution.

Mr. **Tambs**. It says here to CIA, to State, to White House.

Mr. **Fascell**. So that was the three agencies on the RIG, on the interagency group?

Mr. **Tambs**. Yes, sir.

Mr. **Fascell**. And you have just reported in the normal way?

Mr. **Tambs**. Right.

Mr. **Fascell**. Now, one of these outfits, though, one of these messages, somewhere, you went back channel, which meant you gave it to your Station Chief who did not send it over the normal State Department wire, but he sent it over a highly classified system that only goes from his office to the CIA; is that correct?

Mr. **Tambs**. Well, the CIA in this case here, I believe this was sent by the Station Chief.

Well, he was out of town. It was the assistant to the Station Chief. When I sent anything back channel, sir, I always sent it to those three people, those three addresses.

Mr. **Fascell**. You just changed the chief distributor?

Mr. **Tambs**. Yes. Right.

Mr. **Fascell**. Instead of having State Department distribute it, according to the normal processes, or according to the directions on the cable, you would send it to CIA, who automatically knew where it was going?

Mr. **Tambs**. Well, we specifically called out for them to do that.

Mr. **Fascell**. Right.

Mr. **Tambs**. When I sent anything by myself back channel, you see, sir, it says CIA——

Mr. **Fascell**. Where are you looking now?

Mr. **Tambs**. Up in the lefthand corner right below the word "secret."

Mr. **Fascell**. On exhibit——

Mr. **Muse**. No. 1.

Mr. **Fascell**. No. 1?

Mr. **Tambs**. Right. It says TO: CIA; FOR: Department of State for Assistant Secretary Abrams, White House; FOR: Colonel Oliver North.

Here you go, sir.

Mr. **Fascell**. I have it. I see it.

Mr. **Tambs**. See there?

Mr. **Fascell**. OK. Now so why would you use, if you had a normal State Department distribution, with designated distribution on the cable, why would you send it from the Station Chief to the CIA?

Mr. TAMBS. Well, basically it was on a need-to-know. Additionally, we had had cables—I am a great admirer of the foreign service, but the fact is that in many cases the State Department, sir, is a sieve.

We had at least three cables, I can recall, in Costa Rica which were sent up on—with a secret or a higher classification, which were in the next morning newspapers, which gives one pause sometimes. So this was a safer channel.

Mr. FASCELL. Well, I can't assess that too much, but you know, you brought Ollie North to Colombia. Ollie North gave you the instructions with regard to what you should do on opening the Southern Front.

The instructions go to Ollie North because sure as heck, Elliott Abrams says he didn't know anything about it.

Mr. TAMBS. About—well, Abrams was the chairman of the RIG.

Mr. FASCELL. I understand that.

But if you were carrying out the orders of the RIG, why would he send that blistering telegram back to you, that cable? That says how dare you do this, et cetera, et cetera.

Whatever exhibit that is. No. 2.

I mean, he just ate you alive in the cable.

It sounded like you had invaded his turf, cut off his water, done a lot of other horrible things.

Mr. TAMBS. Well, what can I say is perhaps he did not understand that it was a reporting cable. What else can I say?

Mr. FASCELL. Maybe he didn't like the fact that you and North were good friends, and he thought maybe North was taking over his turf.

Mr. TAMBS. Well, since we sent it to him, it seems to me that he should understand that we were, in effect, working together.

Mr. FASCELL. Yes. Well, you can't help but understand why I am a little—have some reservations about that, because back in—when was it, 1984, 1985—they told you you were part of the Christmas Massacre, they were going to get rid of you?

Mr. TAMBS. Yes.

Mr. FASCELL. You weren't ideological enough, or to the right far enough, or tough enough or something.

Mr. TAMBS. Well——

Mr. FASCELL. I was always curious about that, because it looked like the pressure from the Senate was really going to dump you out into the wasteland. I thought you had done an outstanding job in Colombia.

Mr. TAMBS. Thank you, sir.

Mr. FASCELL. I want to compliment whoever brought you back. I know the Secretary of State interceded on your behalf, and I know that somebody else at the White House did also.

Mr. TAMBS. That is what I understand, sir.

Mr. FASCELL. Well, shall I say it was Ollie North?

Mr. TAMBS. You could say that, yes.

Mr. FASCELL. Would I be right?

Mr. TAMBS. Yes. I think you probably would be.

Mr. FASCELL. Thank you.

When did you first learn, Mr. Ambassador, that the FBI and the U.S. Attorney's Office in Miami were investigating that Contra-related activities in Costa Rica?

Mr. **Tambs**. We received a notice that the team was going to come down, when was that? Some time in 1986; right?

And we gave them every facility of the Embassy, as indeed we should; and they asked us to contact some people who were imprisoned.

We made all those arrangements and also set up meetings with the investigators, with some individuals in Costa Rica, who they wanted to talk to.

Mr. **Fascell**. Mr. Ambassador, who told you they were coming.

Mr. **Tambs**. It is normal, as you know, sir, if any U.S. Government official or representative is going to come to a country that they send us advance notice.

Mr. **Fascell**. You got direct notice?

Mr. **Tambs**. Sir?

Mr. **Fascell**. You got direct notice from the attorney, U.S. Attorney?

Mr. **Tambs**. Yes. So we knew they were coming and we were prepared naturally to cooperate with them to the fullest.

Mr. **Fascell**. What did they tell you at that time?

Mr. **Tambs**. They said they were investigating some Cuban Americans who apparently had connections between gun running and also some—perhaps narcotics dealings.

Mr. **Fascell**. Did Ollie North know about the investigation?

Mr. **Tambs**. I don't know about that.

Mr. **Fascell**. You don't remember ever discussing it, alerting him or back channeling with him?

Mr. **Tambs**. Why?

I do recall the FBI agency pulling out a schema of alleged connections from these reputed gun runners that went back to North. Of course, when I saw it, I laughed.

Mr. **Fascell**. It went Hull, Owen, North; is that correct?

Mr. **Tambs**. I believe that as it. I laughed. I know Ollie makes mistakes——

Mr. **Fascell**. But not that bad?

Mr. **Tambs**. Not that many.

Mr. **Fascell**. Well, did you call your CIA Station Chief in right about then?

Mr. **Tambs**. Well, we had all of the appropriate officers there, so that they could—you know, we had the chief of the political section.

Mr. **Fascell**. In other words, you called everybody in and said what is going on?

Mr. **Tambs**. No. We had these people there to be with the FBI officers.

In other words, we had the DCM, and we had the political officer, we had the head of the DEA, and we had the Station Chief was there. And I think, we had for some reason, I think we had the Econ officer there.

In other words, we had what you would call people who would be able to answer questions.

Mr. **Fascell**. After the investigation team left, what happened? With regard to that matter?

Mr. **Tambs**. They came back. They went back to Miami.

I think they were gone a couple of weeks and they came back. They had some more questions and they did some more interviewing, and when they departed, I was under the impression that the whole thing was going to go to the grand jury, and that was it.

Mr. **Fascell**. So when they left you and you supplied whatever information you had——

Mr. **Tambs**. Oh, sure.

Mr. **Fascell**. Your impression was they were going to go ahead with the investigation, go to the grand jury?

Mr. **Tambs**. That is right.

Mr. **Fascell**. John Hull was on this list. Do you know him at all?

Mr. **Tambs**. No. I know of him, but I never—when I arrived in Costa Rica, he asked for an appointment and I did not deem it prudent to chat.

Mr. **Fascell**. Talk to him?

Mr. **Tambs**. Right.

Mr. **Fascell**. Did you get rumors or information that he in some way was helping the Contras or not helping the Contras?

Mr. **Tambs**. The reason I did not see Mr. —I guess I should say in Mr. Hull's defense that, you know, he is a person, from what I understand, who is against fascists, whether they are red fascists or white fascists, because back in 1939, he went up and joined the Royal Canadian Air Force to go fight against the Nazis.

I think that he views totalitarianism, left or right, to be inherently evil, a point of view I must say I agree with. Mr. Hull came—first came to my attention when, I think it was in March or April when I was what they call reading in the State Department, and he had an article in the Soldier of Fortune Magazine. And—about his activities. And I came to the conclusion he probably was a very dedicated man, but perhaps somewhat less than prudent.

Mr. **Fascell**. Mr. Ambassador, that is a very important assessment. So how did you report that?

Mr. **Tambs**. Report what, sir?

Mr. **Fascell**. Your assessment of Mr. Hull?

Mr. **Tambs**. Well, I got that assessment, sir, from an article in a magazine I read up here. I took that assessment.

Mr. **Fascell**. Did you discuss it with your Station Chief or anybody in Washington?

Mr. **Tambs**. No. No.

Mr. **Fascell**. So you cut him off on your own?

Mr. **Tambs**. Yes, sir.

Mr. **Fascell**. And you never heard of any information regarding his activity after that?

Mr. **Tambs**. Well, there was a lot of published press reports in Costa Rica——

Mr. **Fascell**. No, I meant officially.

Mr. **Tambs**. No.

Mr. **Fascell**. From anybody in the U. S. Government?

Mr. **Tambs**. No. The FBI either did talk to him or wanted to talk to him. Most of that was done—all appointments were made, if I recall, through the counsel general because they have the American citizen section. I think in a couple of cases the citizens asked the counsel general if they should have counsel, and he said the right thing: that if they think they needed counsel, they should bring counsel.

Because obviously if he said don't bring counsel, something might have been responsible.

Mr. **Fascell**. Mr. Ambassador, you knew nothing of and heard nothing of Mr. Hull's activities with regard to his farm, his land, or his airstrip?

Mr. **Tambs**. Well, there were always rumors about Mr. Hull. They were in the paper practically every week in Costa Rica. Also, he brought suit against two U.S. reporters down there which meant that it became a court case for a number of weeks.

He said that they had made allegations which were unfounded and it was—essentially what happened was the judge just made a note and threw the case out.

Mr. **Fascell**. Mr. Ambassador, thank you very much. I can't resist asking you, after your experience, have you changed your curriculum?

Chairman **Inouye**. Senator Boren?

I would like to announce the Senate is in the process of a vote, so some of us will be absent.

Mr. **Boren**. Thank you, Mr. Chairman.

Mr. Ambassador, I want to go back a minute to your statement that Chairman Inouye mentioned earlier about the kings—taking the king's shilling. In fact, really who is it that provides the shilling in our system?

Mr. **Tambs**. Well, I certainly did not mean to imply that the President of the United States was the king. Obviously, we have a system which we have popular sovereignty.

Mr. **Boren**. So it is really the people, the taxpayers, the citizens who provide the shillings that pay the salaries of all of us who run the government and ultimately are sovereign?

Mr. **Tambs**. Yes, sir.

Mr. **Boren**. How can we assure—we are trying to learn. We get bogged down in the details. I think the American people are somewhat bogged down in the details of this hearing and wondering why are we spending so much time and what possible good can come from it, what can we learn from it that will help us in the future.

How can we assure, how can we assure that the people themselves, through their elected representatives, be it the President or be it the Members of Congress, people who are elected by the people; how can we assure that the people will have input in terms of making the foreign policy decisions of this country?

Mr. **Tambs**. Well, I believe that that is one of the major functions these hearings are serving, is that I think the American people are learning a great deal about foreign policy, a great deal about Central America and other areas of the world.

This is why, of course, we have to have a free press and an educated electorate.

Mr. **Boren**. You as ambassador are an official of the government, paid for by the people of the United States. Would you have become involved, and obviously you spent some of your time, in essence, working with private individuals who were furthering a certain cause, a cause that I happen to believe in, but that is not what we are debating here today. Would you have done that? Would you have acted as an Ambassador of the United States to assist private individuals to promote a certain cause, a certain point of view in foreign policy, if you had had any doubt that it was the policy of the President of the United States or the elected officials of the government?

Mr. **Tambs**. No. Assuming, of course, it was within the framework of the law.

Mr. **Boren**. So you are saying you did so because you felt you were ultimately carrying out the policies of the President of the United States, who is elected by the people?

Mr. **Tambs**. That's correct. As far as I am concerned, the basic issue in Central America is human freedom. I think that is what the United States is all about.

Mr. **Boren**. If you had found, for example, the President of the United States did not want you to be working with these private individuals, had learned this either through the Secretary of State or from the President directly or otherwise, I assume you would have ceased to have been so involved with private individuals?

Mr. **Tambs**. Yes, sir.

Mr. **Boren**. Now, we have had testimony earlier that in terms of the sale of arms to Iran, the sale of property that belonged to the taxpayers of the United States, that as a result of that sale, some $15 million or so was generated over and above what was paid back to the Treasury or in terms of the expenses of delivering those arms, about $15 million was left after the $12 million was paid back to the Treasury and the $3 million in expenses were paid.

Do you believe under our system of government that it is right for private individuals to make decisions about how funds generated from the sale of taxpayers' property should be used?

Mr. **Tambs**. I'd have to ponder that one. My instincts are no.

Mr. **Boren**. We have had the statement from the President in a press conference. In fact, he said if he had known that these funds were being generated and going to be used for certain purposes like a diversion, you would have heard him all the way through the closed door.

The President in essence is saying: I didn't know that $15 million was being generated or being used by private individuals. Obviously, the Congress of the United States didn't know it. And, therefore, the people, through their elected representatives, have had no say in saying how that $15 million was to be spent.

Do you think that that perhaps is the lesson that we should be learning from all of this? That we should assure in the future that the taxpayers' funds and property, particularly as they are used in foreign policy implementation, should only be utilized through the appropriate constitutional officers of the Government?

Mr. **Tambs**. That sounds like an excellent conclusion to me, sir.

Mr. **Boren**. Thank you.

Chairman **Hamilton**. Mr. Courter?

Mr. **Courter**. Thank you. Thank you, Mr. Chairman.

Mr. Tambs, very quickly—because I don't have a great deal of time, with regard to the airstrip that was constructed in Costa

Rica, is it fair to say that that was done only after permission was granted by the authorities in Costa Rica?

Mr. **Tambs**. Yes, sir.

Mr. **Courter**. Is it fair to say that when that authority was lifted, the airfield was closed?

Mr. **Tambs**. Is that I so gave instructions.

Mr. **Courter**. Directing your attention to an entirely different subject, if I may, you were Ambassador to Colombia. What year were you Ambassador, or years?

Mr. **Tambs**. From April 1983, to essentially April 1985.

Mr. **Courter**. And was it not during that time that there was a very bloody raid on the Supreme Court of Colombia by an organization called M-19?

Mr. **Tambs**. There was such a raid, sir, but that occurred after I departed. It occurred, I believe, in December of 1985.

Mr. **Courter**. Did you receive information on that raid?

Mr. **Tambs**. Yes.

Mr. **Courter**. M-19, was that a group of Colombians?

Mr. **Tambs**. The M-19, sir, is a Castroite Communist terrorist group in Colombia who are involved in narcotics, particularly cocaine and marijuana. But in regard to that particular raid, the weapons that they used were weapons which had originally been given by the Venezuelan Government to the then Sandinista insurgents. In other words, they were weapons which could be traced back to the Sandinista Government. Was that your question?

Mr. **Courter**. Yes. That's basically the question.

What types of weapons were used in that raid that could be traced to the Sandinista Government?

Mr. **Tambs**. I believe they were FALs, sir, FALs.

Mr. **Courter**. A number of Supreme Court justices were murdered. How many were there?

Mr. **Tambs**. I believe it was 13.

The most interesting sidelight was that the terrorists went directly to the archives which held evidence against major drug traffickers and burned those archives first. And the total of Supreme Court justices, I believe, was 13, 11 or 13. There were a number of other innocents who were butchered in that massacre.

Mr. **Courter**. Would the equivalent be a raid on our U.S. Supreme Court Justices sitting a few steps from where we are today?

Mr. **Tambs**. Yes.

Mr. **Courter**. You have been a professor of history in Central America for longer than you have been an ambassador, certainly. But you have been not only looking at the history, but also intergovernmental operations in Central America. You are familiar, having been an ambassador, with insurgencies.

I would like to ask you a professional opinion. Maybe it is out of your area. If so, fine. Just tell me.

The opinion is that if the Sandinista Government consolidates without any internal or external opposition, do you believe that they will use that opportunity to undermine and to destabilize through insurgencies other Central American governments?

Mr. **Tambs**. I don't think there is any doubt about it. Their slogan is "Revolution without frontiers."

Mr. **Courter**. Without organized opposition, obviously coming mostly from the United States of America, to frustrate that goal of undermining democratic governments in Central America, what are the chances between one and ten that other Central American governments will lose their democracy and their freedom; "one" meaning absolutely remote, and "ten" meaning absolutely will occur?

Mr. **Tambs**. Well, I would say somewhere between 9 and 9.9.

Mr. **Courter**. So, it is almost, in your mind, a certainty that other Central American governments will lose their freedom.

If those Central American governments lose their freedom, on the same scale between one and 10, what would the chances of Mexico losing her freedom be?

Mr. **Tambs**. Well, Mexico, of course, is in a very precarious economic situation. There are already insurgencies in Chapas. If Guatemala goes, I think you could count on Mexico being next.

Mr. **Courter**. What would the United States be like, in your professional opinion as a historian, with a Marxist Central America and Marxist Mexico?

Mr. **Tambs**. Well, we would be in real trouble.

President Lincoln faced a hostile Mexico when the French invaded Mexico, and you recall that the United States supported the Mexican Freedom Fighters against the French and Austrian intervention under the Emperor Maximilian.

The leader of the Mexican Freedom Fighters, Benito Juarez—that is why we have Juarez across from El Paso, because that is as far as he retreated, after the end of the—shall I say the war between—of cessation or the war—how can I say this in this group and not offend anybody? In the War Between the States—I suppose that is correct—in 1865, then President Johnson sent 100,000 troops under General Phil Sheridan to the Texas border with Mexico and also collected vast amounts of surplus war material which were conveniently lost to the Mexican Freedom Fighters.

The United States consistently has supported peoples' efforts to keep their own dignity and freedom. This is true in all of Spanish America. It was true in Mexico in 1860. It was true in Cuba. And, in a sense, it is the tradition of the United States. After all, I think we tend to forget that without the aid of the Dutch and the French and the Spaniards, our Minutemen in 1776 probably would have lost to the British empire.

Mr. **Courter**. Thank you, Mr. Ambassador.

My time is up.

Mr. **Tambs**. Thank you.

Chairman **Hamilton**. Mr. Brooks.

Mr. **Brooks**. Mr. Ambassador, while you were Ambassador and really the de facto commanding general of the Southern Front, you got most of your directions from Colonel North and Tomas Castillo and you reported back to Washington through CIA channels, to the CIA, to the National Security Council.

My question—what disturbs me—is I wondered who you were working for. Who did you think you were working for? The State Department or the CIA?

Mr. **Tambs**. Well, sir, I must take exception to your assumption that I was the commander of the Southern Front. That is really not accurate.

And my job——

Mr. **Brooks**. That was the job they gave you to do, wasn't it?

Mr. **Tambs**. I had other things to do besides that, sir.

Mr. **Brooks**. Such as?

Mr. **Tambs**. Well, one thing——

Mr. **Brooks**. Drug interdiction, whatever?

Mr. **Tambs**. We had that, we had commercial relations, we had a very large aid program in Costa Rica. I am very interested in what you would call the cultural war. I like to talk to student groups.

Mr. **Brooks**. Conducting the Southern Front was a major part of your responsibility as given to you by Lieutenant Colonel North?

Mr. **Tambs**. My instructions were not to run the Southern Front. My instructions were to open it.

Mr. **Brooks**. Oh, you just opened it?

Mr. **Tambs**. Right.

Mr. **Brooks**. Is there a difference between opening and running? Do you open it and turn it over to somebody, or do you just tell somebody else to go do it?

Mr. **Tambs**. Well, the only people who can win the war in Nicaragua are the Nicaraguans in my opinion. So consequently——

Mr. **Brooks**. That wasn't you?

Mr. **Tambs**. That's not me.

Mr. **Brooks**. I understand that. Who did you think you were working for?

Mr. **Tambs**. Well, all ambassadors have a Presidential commission. Ultimately you work with the President of the United States. The line of authority, of course, is through the State Department. In this particular case it included, as far as I am concerned, it included the RIG, which included my direct superior in the State Department.

Mr. **Brooks**. Elliott Abrams?

Mr. **Tambs**. Yes.

Mr. **Brooks**. And Bill Casey in the CIA and Colonel North in the White House on the RIG?

Mr. **Tambs**. Yes, sir.

Mr. **Brooks**. That is what you interpreted the chain of command to be?

Mr. **Tambs**. Yes, sir. On this particular issue.

Mr. **Brooks**. And you worked for all of them?

Mr. **Tambs**. Well, the Assistant Secretary of State is Chairman of that RIG.

Mr. **Brooks**. That is who you really worked for?

Mr. **Tambs**. Yes. Well, I really worked for the Secretary of State and the President. Obviously, you have an immediate superior, right?

Mr. **Brooks**. Colonel North told you what to do?

Mr. **Tambs**. No, no. When he spoke through Castillo, I assumed, sir, that he was talking for the RIG.

Mr. **Brooks**. And they were representing who?

Mr. **Tambs**. Well, obviously if Elliott was the chairman, right? The senior—the CIA—what do you call it? The chairman of the

CIA Latin American Task Force was represented, as indeed was the NSC, that on this issue was the one in my opinion, which was in effect running the show.

Mr. BROOKS. Did you think the President supported that effort that you were working on, you having been appointed by him working for the Secretary of State?

Mr. TAMBS. I have no knowledge whether the President knew or supported it. You know, I can't tell you. I don't know.

Mr. BROOKS. You didn't have any confidence those people were representing him?

Mr. TAMBS. I didn't have any confidences they were——

Mr. BROOKS. That they were representing the President of the United States, yes, sir, in telling you what to do?

Mr. TAMBS. You are talking about in a hierarchial sense?

Mr. BROOKS. No, I am talking in the sense they told you to open up that front and get that war started down there, and you were doing that. Did you think you did that with the—that they gave you those orders with the authority of the President, or do you think they made them up themselves?

Mr. TAMBS. Well——

Mr. BROOKS. You know——

Mr. TAMBS. The war was going on long before I got there, sir. I want to make that clear to you.

Mr. BROOKS. The Southern Front was doing well?

Mr. TAMBS. The Southern Front was—needed probably some improvement, right. But the war was going on down there.

Mr. BROOKS. The war had been going on since before we were born somewhere.

Mr. TAMBS. Yes. But—would you repeat that question, please?

Mr. BROOKS. The question is whether or not you felt that the people that gave you your instruction and your motivation to improve, accelerate the Southern Front, the RIG people, delivered by North, whether that was with the authority of the President of the United States or whether they dreamed it up themselves some night over coffee.

Mr. TAMBS. Well, I don't know what they would have in their coffee, sir, but I assumed that they were acting as the legally constituted superiors. That is all I can tell you. I don't believe that they were acting on their own.

Mr. BROOKS. Well, who would they have been acting for if they weren't acting on their own?

Mr. TAMBS. Well, is it—obviously they had bosses just like I do. Right? But I didn't ask them, you know, whether they had consulted with their bosses or not. If a superior officer gives me an order, I don't ask him if he has checked with his superior.

Mr. BROOKS. You would make a hell-of-a good corporal.

Mr. TAMBS. I made buck sergeant, eventually.

Mr. BROOKS. That would be hopeful. One other thing, how was a RIG established? How do you think these three people came to get together to decide what you were supposed to do down there?

Mr. TAMBS. As you well know, sir, you have RIGs and SIGs, and IGs, and all things like that, and they come and go, right?

Mr. BROOKS. How did this one happen to come?

Mr. **Tambs**. I assume it was established with the authority of the NSC.

Mr. **Brooks**. Was an NSDD issued to create it?

Mr. **Tambs**. I honestly don't know.

Mr. **Brooks**. Do you think maybe the head of the NSC just appointed it?

Mr. **Tambs**. I couldn't say, sir.

Mr. **Brooks**. And the chairman was designated as Elliott Abrams or Shultz?

Mr. **Tambs**. I honestly don't know. Those are things which I couldn't—I can only tell you what I know. I couldn't tell you what I don't know, and I don't know whether they went through that or not.

Mr. **Brooks**. No further questions.

Chairman **Hamilton**. Mr. Hyde?

Mr. **Hyde**. Thank you, Mr. Chairman.

Earlier, Ambassador, you were asked a question, and I don't know whether it was in the question or in your answer, but you said Colonel North was out making speeches and raising money for the Contras. Now, I think we all know he was making speeches. But do you know of your own knowledge that he was raising money for the Contras?

Mr. **Tambs**. If I recall, is that he never made a pitch. In other words, that there was always a disconnect.

Mr. **Hyde**. So your testimony is, as far as you know, he wasn't raising money for the Contras?

Mr. **Tambs**. No. He was making speeches favoring the Freedom Fighters.

Mr. **Hyde**. All right. Now, Ambassador, last week when General Singlaub was here, in my questioning of him I had a large photograph of a 10,000-foot runway at Punta Huete in Nicaragua. A beautiful, concrete longest runway in Central America can accommodate anything in the Soviet inventory, their bombers, backfire bombers. It has got antiaircraft sites, grading for fuel storage, refueling apron and all that good stuff, aircraft revetments.

Now, I compare that facility with the little dirtstrip that we have been raising such hell about here all day in the mountains of Costa Rica that never got finished, and I guess when a plane flew on it, it got stuck in the mud, and I look at that dirtstrip of maybe a third as big as this 10,000-foot concrete Punta Huete airstrip.

What kind of signal does that send to the people in Central America and to our adversaries in the Kremlin, comparing those two airstrips so close together?

Mr. **Tambs**. Well, is that tragically it may send a signal to our friends in Central America that U.S. resolve and purpose is not there.

Mr. **Hyde**. Well, Ambassador, you, of course, as all witnesses who come before us, are convinced if there is one sacred thing around this place, it is the law. And bearing in mind that the Supreme Court has said in *United States* v. *Curtiss Wright* that the President alone has the power to speak or listen as a representative of the Nation—now, bearing in mind the law and its sanctity before this branch of government here that we are happily engaged in, we have been concentrating on Presidential usurpation, overreaching congressional authority, the Boland Amendment in its manifest forms.

I think one of the counsel said it forbade the government from aiding the Contras, the whole government, not just what it said. It had a penumbra that spread beyond its words to the whole government interdicting us from helping the Contras. Assuming that is so, which I am the last person to assume, we have been concentrating on executive excesses, overreaching, doesn't that cut both ways?

Doesn't Congress, say, through Boland Amendment and other amendments overreach and trespass on the President's prerogatives, which as the Supreme Court, the law, has told us, he alone has the power to speak? And I have in mind, and as a professor, you may want to use this in class. I have in mind a document dated March 20, 1984, signed by ten of the outstanding intellectual and spiritual leaders of Congress, some of whom serve with distinction on this very committee; and they wrote it to Comandante Daniel Ortega.

I quote, "We have been and remain opposed to U.S. support for military action directed against the people or government of Nicaragua." So here we have ten members of Congress, notwithstanding that the President alone has the power to speak or listen, telling the Walter Reuther with a Spanish accent—Daniel Ortega down there, that we don't agree with our country's foreign policy.

Then they go on to say,

> We support your decision to schedule elections this year, to reduce press censorship and to allow greater freedom of assembly for political parties. Finally, we recognize that you have taken these steps in the midst of ongoing military hostility on the borders of Nicaragua.
>
> Then it goes on—the last paragraph is the one that I hold dear to my heart. It says, "We reaffirm to you our continuing respect and friendship for the Nicaraguan people and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time."

Would you say this was sort of putting the shoe on the other foot and these distinguished Members of Congress, stepping over into the President's preserve despite the law? What is your comment on that?

Mr. TAMBS. I am not a professor of constitutional law. I am a professor of Latin American history, but I think it would make a great subject for a term paper.

Mr. HYDE. Well, we will revisit this from time to time during these hearings. I thank you.

Chairman HAMILTON. Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

I am tempted to inject some additional factors in the equation in Central America, in addition to those suggested, but time is limited, so I would prefer to get into another area.

You said a couple of times today that it is important that Government officials obey orders and that they can't all consult their lawyers. I think we all agree with that. You said Government would be paralyzed if everyone in the field had to check on the legality of orders.

You also have recognized in all of your statements there are circumstances in which that may not be the case. You used the word "immoral" I think in one statement. And you recognize as an historian that there is a substantial body of law developed over the last half century, primarily by Americans, that there are circumstances in which Government officers have a positive duty not to obey orders.

And so the situation all Government officers find themselves in is generally the presumption that orders are legal, but they have to also be conscious of the fact that there are circumstances in which they are not required to obey the law, and indeed have a positive duty, as I said, not to obey it. And there is no clear line, there is no easy way to make that. It depends really upon the situation and the sensitivity of the individual. Would you agree with that?

Mr. TAMBS. Yes. There's no freedom outside the law.

Mr. MITCHELL. Right. So you have said several times it's important within the Constitution and the law.

Mr. TAMBS. Right.

Mr. MITCHELL. And that's particularly important in a democracy which exists under the rule of law.

Now, in your particular case you were designated or appointed by the President to be Ambassador to Costa Rica, his personal representative. You knew, of course, about the controversy, the widely publicized controversy involving Central America, aid to the Contras. You were aware that Congress had enacted legislation which had as its intention, wise or not, to place some restrictions upon the form of that aid.

And you testified here today yet that notwithstanding that, you didn't bother to read the Boland Amendment, the law. In fact, I think you said you haven't read it to this day.

In retrospect, do you think it would have been prudent in preparation for your duty as the principal American official in Costa Rica, that it would have be at least wise to have read the law that sought to govern activities of persons like yourself?

Mr. TAMBS. Well, Mr. Mitchell, I'm not a lawyer. I probably wouldn't have understood it anyway. The fact is that we in the Government have to rely upon legal counsel, people who——

Mr. MITCHELL. Did you seek legal counsel?

Mr. TAMBS. I stated earlier, sir, the assumption which we went along with is that the people who were giving the orders have sought and gotten the legal counsel.

Mr. MITCHELL. I'm not talking about in response to a particular order. I'm talking about you're going to be the President's personal representative, the Ambassador to Costa Rica. One of your assigned tasks is to open up a southern military front in Nicaragua. The Congress has passed controversial and highly publicized legislation seeking to restrict the activities of certain Government officials in that effort.

And in preparation for your undertaking that task, in retrospect, do you not think it would have been wise and prudent to have read the law, to have sought some counsel, some guidance as to what activities may or may not have been legal, particularly in view of your repeated assertion today of the importance of obedience to the law and acting within the law and Constitution?

Mr. TAMBS. It would have been a prudent move, but even if I had read it and gotten counsel—counsel should have been able to tell me. Right? I have difficulty reading a contract for a refrigerator. So my own personal initiative would probably not have been a success.

In regards to the second half of your question, it probably would have been a good move, but I didn't do it. What can I say?

Mr. MITCHELL. You think the fact people may not understand the details of the law is an excuse for not obeying the law?

Mr. TAMBS. No. Tragically that does happen, but we had no legal counsel, no U.S. lawyer at the Embassy in San Jose.

Mr. MITCHELL. Finally, let me ask you, you said the person in the field has to be able to assume that it's a legal order, the action being sought is lawful. I think we all agree with that.

You have also said we have to obey the rule of law. In our democracy, who then is responsible for seeing that the orders are legal and that the actions required do comply with the law?

Mr. TAMBS. I would assume, sir, the person who gives the orders.

Mr. MITCHELL. Well, you received an order and you passed an order along. In other words, is it your notion that when Colonel North gave you an order that it was his responsibility to see that the order was legal?

Mr. TAMBS. Yes, or the RIG or whatever.

Mr. MITCHELL. My question is—RIG or whatever. It's your position that it wasn't you who had the responsibility, the person giving you the order. Does not the person above you—could not the person above you give the same answer, it was the person above him who gave the order?

Mr. TAMBS. You could go on and have all sorts of tragic things develop from that. You are only too aware in the field you have to do things in many cases now, and you are stuck in effect—what are you going to do tomorrow? It's got to be done now. If you have to make a decision or you have to carry out something that's been told to you, is the practical aspect, that in most cases you don't have time, you know, something has gone wrong right now.

What I fear is that if people begin, you know, to carry their own legal counsels around with them, which might be prudent, is that the Government will come to an absolute grinding halt.

Mr. MITCHELL. My time is up, but I just want to make clear, neither I nor anyone has a—would suggest every person in the Government has to carry his own legal counsel. But the only way that the two points that you have made can be reconciled, the one point being that people must be able to assume the legality of the orders but that there must be some way of determining that the orders are real, is that the responsibility for determining their legality must exist somewhere.

Mr. TAMBS. Yes.

Mr. MITCHELL. The Constitution places it in the President of the United States.

Mr. TAMBS. The orders we were given were not manifestly illegal.

Mr. MITCHELL. Well, that is a whole new area of discussion. That's something that has been said many, many times, but indeed, almost invariably by persons in Government who have violated the law. But that is a whole new area, and my time doesn't permit me to get into it.

Thank you very much.

Thank you, Mr. Chairman.

Chairman **HAMILTON**. Mr. Stokes.

Mr. **STOKES**. Thank you.

Ambassador Tambs, let me revisit a statement that I think you made earlier today. Do I quote you correctly when you said that you "saw the opening up of a Southern Front in Nicaragua as an extension of our mission to defend the United States against its enemies both foreign and domestic"? Is that a fair statement?

Mr. **TAMBS**. Yes, sir. I said—I took an oath to defend the United States against enemies foreign and domestic, right.

Mr. **STOKES**. And you saw the opening up of the Southern Front as a part of that oath?

Mr. **TAMBS**. In the sense that the Sandinistas, in the first sentence of the second stanza of their hymn, declare that the United States is the enemy of humanity.

In other words, they have declared us an enemy, so consequently, I would assume that they know what they are saying, right?

Mr. **STOKES**. All right.

Let's take that—the war in which they are involved is their own civil war, isn't it?

Mr. **TAMBS**. Well, to a great extent, as you well know, sir, Soviet intrusion and Cuban intrusion and the injection of massive amounts of weaponry into Nicaragua, which is causing a great deal of this trouble.

Mr. **STOKES**. And American intrusion?

Mr. **TAMBS**. The American intrusion, as you well know, is minimal compared to what the Soviets have put in.

Mr. **STOKES**. Whether we minimize it or not or maximize it, it is intrusion, is it not?

Mr. **TAMBS**. You are talking about the East-West conflict in Central America?

Mr. **STOKES**. I am talking about in Nicaragua.

Mr. **TAMBS**. All right.

Mr. **STOKES**. Aren't these Nicaraguans killing Nicaraguans in their own country?

Mr. **TAMBS**. As you know, sir, the Sandinistas are also—in the past number of years have been exporting revolution to El Salvador. We are talking about weaponry and training. The major communications center for the Salvadoran insurgents is located right outside Managua.

So, in other words, Nicaragua has been intervening in the affairs of its neighbors, El Salvador, and partially a couple times in Honduras, and I think that the intrusion of the Soviet Union into the Caribbean and into Central America is one of the major parts of the problem.

Mr. **STOKES**. Let's talk about intervening for a moment.

Our relationship with Nicaragua goes back to 1853, doesn't it?

Mr. **TAMBS**. If you are talking about the Walker affair, that is right.

Mr. **STOKES**. I am talking about the period 1853 to 1933. How many interventions were there militarily by the United States against Nicaragua?

Mr. **TAMBS**. Well, honestly, I don't know.

Mr. Stokes. You are a history professor.

Mr. Tambs. Walker was not—well, it is true that the Democratic convention of 1856 supported Walker, called for the annexation of Nicaragua, but Walker was not an American official. He was a filibusterer.

Mr. Stokes. Ambassador, wouldn't it be an accurate statement if I were to say to you between the period 1853 to 1933 there were 12 military interventions in Nicaragua by the United States? Wouldn't that be an accurate statement?

Mr. Tambs. If you tell me it is 12, I believe you, Mr. Stokes.

Mr. Stokes. Well, you are the historian. I just want to prove my statements through you.

In fact, for the period 1912 to 1933 we continuously occupied Nicaragua, didn't we, a period of almost 21 years?

Mr. Tambs. Well, we kept a Marine Guard there at the legation—at the—I think we were in and out. One time Sandio called for U.S. intervention, as you well know.

Mr. Stokes. That is right. We responded.

Mr. Tambs. What?

Mr. Stokes. And we responded.

Mr. Tambs. We responded, but the Sandinista leader at one time believed that U.S. intervention would guarantee free elections. We can't say it was either one part or the other which requested it, right?

I personally, sir, am a noninterventionist. I want you to understand that.

Mr. Stokes. Sure.

Mr. Tambs. There has been U.S. intervention, and the fact is that in many cases it was done by Presidents of both parties who believed that it was necessary for the United States.

Now, they may have been mistaken, but nevertheless, it has been U.S. policy to defend ourselves in the Caribbean from foreign intrusion since—well, really since Thomas Jefferson's large plan of 1808, as you know better than I do. Right?

Mr. Stokes. I agree fully with you.

But the bottom line is that in terms of military interventions as it relates to the United States and Nicaragua, it is the United States that has militarily intervened in Nicaragua.

Mr. Tambs. May I say, sir, that I do not favor U.S. military intervention in Nicaragua. I believe that Nicaragua—that the Nicaraguans should do the fighting if they want to free Nicaragua.

Tragically, I am afraid we are increasingly faced with the choice between sending men or money. And I would rather send money.

Mr. Stokes. Thank you, Mr. Ambassador.

Thank you, Mr. Chairman.

Chairman **Inouye.** Senator Sarbanes.

Mr. Sarbanes. Thank you, Mr. Chairman.

Mr. Ambassador, I have just a few questions.

Did Secretary Shultz know about the Southern Front?

Mr. Tambs. Honestly, I don't know, sir.

Mr. Sarbanes. At the time, were you proceeding on the assumption that he did know about it? What was your own thinking about whether the Secretary of State knew about the Southern Front?

Mr. TAMBS. My assumption—but that is not knowledge—was that he probably did. But I don't honestly know.

Mr. SARBANES. And why did you make that assumption? Because you just thought in the reasonable course of work that Abrams would report to the Secretary?

Mr. TAMBS. Yes, sir.

Mr. SARBANES. You did brief Poindexter about the Southern Front?

Mr. TAMBS. Yes, he knew about it when he came down.

Mr. SARBANES. He already knew about it?

Mr. TAMBS. Oh, sure.

Mr. SARBANES. And then you briefed him on it, I take it.

Mr. TAMBS. We just brought him up to date. That was either in December, sir, of—mid, late December of 1985 or very early January 1986.

Mr. SARBANES. But you never had occasion to talk to the Secretary of State about it or the Deputy Secretary?

Mr. TAMBS. No, sir.

Mr. SARBANES. Did you go above Abrams in the State Department in communicating with anyone about the Southern Front?

Mr. TAMBS. No, sir.

Mr. SARBANES. So, to the extent that it was known above Abrams—and you assumed that it was—it was because Abrams would have told them; is that correct?

Mr. TAMBS. Exactly.

Mr. SARBANES. Now, when you communicated back channel to Abrams, were you assuming those cables would be seen by the Secretary?

Mr. TAMBS. Well, my assumption was that the Assistant Secretary would tell the Secretary. That is all I can tell you.

Mr. SARBANES. Would you be surprised if you learned that the Secretary had been kept in the dark about the Southern Front?

Mr. TAMBS. I don't know really how to answer that, because I don't know. I don't know one way or the other. I would be uncomfortable if that is the fact.

Mr. SARBANES. Earlier there was some questioning about the amount of time you put in on the Southern Front.

Mr. TAMBS. Yes, sir.

Mr. SARBANES. But sometimes it is quality, not quantity, that counts. Do you think Costa Rica would have given permission for that airfield if you had not personally interceded with officials of that government?

Mr. TAMBS. Well, they wanted it for their own good reasons, as I tried to point out to you earlier, and that is specifically as a reinforcement—resupply if there was a Nicaraguan invasion.

There is also a tangential reason, is that they wanted the Nicaraguan Democratic Resistance out of Costa Rica. I don't blame them. And the only way you could get them out was to supply them inside Nicaragua.

Additionally, is that Point West, or Santa Elena, was located very close to the civil guard training camp at Murcielago. The airfield there is too short. It is longer now. But a couple of aircraft—it is a landing you don't want to take unless you are in a state of grace. It is one of those. It is too short and a number of aircraft went off the end, and part of the plan was to construct a road from Santa Elena on up to Murcielago so you could use that as a strip.

Mr. **Sarbanes**. I am not suggesting that you necessarily impose something on them that they didn't want, but you were the catalyst that obtained the permission for the airstrip to be built there, were you not?

Mr. **Tambs**. I suppose that is a fair statement.

Mr. **Sarbanes**. I mean, if you hadn't gone to them as a U.S. ambassador and sought to have this strip built, it probably never would have happened.

Mr. **Tambs**. I don't know. I can't say. There is always another guy who can do it just as well.

Mr. **Sarbanes**. You were the catalytic agent in this instance that got—that went from having no airstrip there to getting permission to have an airstrip put there, were you not?

Mr. **Tambs**. Well, it could have been done privately and covertly. I think you are being too kind to me, is that——

Mr. **Sarbanes**. Did the owner of the land come to you to see whether this ought to be done or to get some judgment from you about proceeding with it?

Mr. **Tambs**. The owner of the land is essentially an innocent in the sense that he came to me and I was asked——

Mr. **Sarbanes**. There is sometimes a sense in which we all think we are innocents as we proceed through this.

Yes, sir, go ahead.

Mr. **Tambs**. And he asked me if the Udall Corporation were, in effect, people who would honor an agreement, and I said, as far as I know, they are, but that is nothing unusual in the sense that we have, you know—if we have some idea that some U.S. manufacturing firm is going into business with a Costa Rican partner, they will do the same thing, which your answer is correct, yes. He did come to me and ask me.

Mr. **Sarbanes**. At the time you told him that, what did you know about the Udall Corporation? At the time that you gave it a stamp of approval in terms of his going ahead? What did you know about the Udall Corporation?

Mr. **Tambs**. What I knew about them was limited, but I was assured that, you know, through Mr. Castillo, that they were solvent and could make their bills and pay their debts.

Mr. **Sarbanes**. So your vetting of the Udall Corporation to the owner of the land was based on Castillo telling you that it was an OK corporation?

Mr. **Tambs**. Yes, sir.

Mr. **Sarbanes**. Thank you.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Boland?

Mr. **Boland**. Mr. Ambassador, in your service at the National Security Council—and you served there how many months?

Mr. **Tambs**. About 9 or 10 months as a consultant.

Mr. **Boland**. Combining that with your two ambassadorships, I would assume that you observed the operations of the—a number of RIGs?

Mr. **Tambs**. Yes.

Mr. **Boland**. What was your understanding of the role of the agency heads whose organizations were represented on that RIG or on any RIG?

Mr. **Tambs**. Well——

Mr. **Boland**. What was the role of the Secretary of State, the Director of the CIA, and the National Security Adviser? They were really the agency heads of the representatives on the RIG that we are talking about here?

Mr. **Tambs**. What was their role?

Well, I tried to suggest earlier, sir, that the RIG—the working RIG was composed of three individuals whom I have named. OK? And most RIGS that I ever sat on or knew about tended to be at that sort of a level. And it was only when there was vast—in a sense, when you look at the U.S. Government, it is like a group of feuding fiefdoms or something.

They try to work things out through committees or RIGs. It was my impression in the past that it was only when it was impossible to come to an agreement at a lower level, that things were escalated to a higher level.

Mr. **Boland**. RIGs can be a very powerful instrument, can they not, in the instrumentation of a policy?

Mr. **Tambs**. Oh, yes, sir.

Mr. **Boland**. Would it have been proper given your understanding of the procedure, and you understood it, obviously, for the Restricted Interagency Group to issue orders on its own or should it have taken orders from down through the chain of command? From the agency heads?

Mr. **Tambs**. Well, obviously one would assume they were carrying out orders from their superiors.

Mr. **Boland**. I think you have already testified that you were not—you did not know whether or not the Secretary of State was familiar with opening the second front, and I can understand that.

You testified also that before you left for Central America in July of 1985, Oliver North told you that one of your responsibilities was to establish a Southern Front for the Contras.

When you were at the Latin American section of NSC as a staff member of the NSC, were new ambassadors to countries in the region ever given specific policy assignments by NSC staff members?

Mr. **Tambs**. When I was on the NSC, I was the third man in Latin America. They had Roger Fontaine, the top man, another chap was second man, and they were the ones who talked to outgoing ambassadors.

So I can't really give you an honest answer on that.

Mr. **Boland**. Would you be familiar with whether or not assignments for ambassadors or their respective duties are ordinarily coordinated with the State Department?

Mr. **Tambs**. You are talking about specific missions when in country?

Mr. **Boland**. Yes.

Mr. **Tambs**. Yes. I think that is—although, very frankly, there seems on several occasions to be a difference of opinion between the NSC and the State Department.

Mr. BOLAND. Incidentally, I anticipated your opinion and your answer to the question that was asked a little while ago on and the question of the legality of any might very well be established in some other forum. It might very well be established here.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. McCollum.

Mr. MCCOLLUM. Mr. Ambassador, I am right next door over here. I want to just have a very brief dialogue about this airstrip we have been slopping through all afternoon, I guess, down there in Costa Rica. I am still not clear on just whose idea this airstrip was. Whose was it?

Mr. TAMBS. Well, I don't know—honestly, I don't know who could take either credit or blame for that.

Mr. MCCOLLUM. I guess it would be both.

Mr. TAMBS. The question, as I tried to suggest to you earlier, was how do you supply. You only have three ways of doing it. You have land, you have sea, or you have air. OK?

Land supplies was out for many good reasons. Maritime supplies were very dubious. As far as I recall, the original suggestion came from the Private Patriotic Americans.

Mr. MCCOLLUM. Was this a discussion in which you participated?

Mr. TAMBS. No.

Mr. MCCOLLUM. This air strip was not your idea personally? Or your suggestion?

Mr. TAMBS. No, no. It was not.

Mr. MCCOLLUM. And you first heard about it, or first recalled it being brought to your attention through the private benefactors or through——

Mr. TAMBS. No. I didn't have any contact with the private benefactors.

Mr. MCCOLLUM. How did you first learn about it?

Mr. TAMBS. If I recall correctly, it was Mr. Castillo.

Mr. MCCOLLUM. He is the one who first mentioned it to you?

Mr. TAMBS. Yes.

Mr. MCCOLLUM. The idea of the airstrip?

Mr. TAMBS. Right.

Mr. MCCOLLUM. And you had not heard anything about it before, not discussed the concept, not been involved with it in any way before he brought it up?

Mr. TAMBS. Well, if I recall, when I—as I suggested to you earlier, sir, there were only three ways to do it.

Mr. MCCOLLUM. I understand that.

Mr. TAMBS. Yes.

Mr. MCCOLLUM. Had you discussed the ways of doing it before the idea of the strip came up? Was that something you had discussed either with Mr. Castillo or the private benefactors or Mr. North?

Mr. TAMBS. No. I never discussed it with the private benefactors. If I recall, it was Tomas Castillo who suggested it to us. Apparently he had been in contact with the private benefactors.

Mr. MCCOLLUM. But at some point prior to that time, you did discuss with Mr. Castillo or someone the ways of doing this, whether the air strip was involved or not? The problems you outlined.

There were three ways of doing it. The idea we needing to do it, going to do it, the private benefactor might do it, that was all batted around somewhere in your presence with you involved with Mr. Castillo, or somebody prior to the time the air strip idea ever came up; is that correct?

Mr. Tambs. I believe that is correct, yes.

Mr. McCollum. You don't recall if anybody else was involved in that discussion besides Mr. Castillo?

Mr. Tambs. No.

Mr. McCollum. There might have been?

Mr. Tambs. There might have been, yes.

Mr. McCollum. When would this, roughly, have been? I am confused by the whole day. We have been through so many things.

Mr. Tambs. It would be very, very late July 1985, the first week of August of 1985.

Mr. McCollum. There have been quite a number of comments that I have seen from time to time. The newspapers reported, the Tower Commission reported it, I read depositions and so on, that have been critical of ever going ahead with this in the sense it was not practical from a physical standpoint.

You couldn't get gasoline, oil, or fuel in there. You had problems with the soil. You had all kinds of problems with this thing.

Did that get discussed at any point before it got to the end of the road, so to speak? And everybody was obviously not going to finish it?

Mr. Tambs. I don't know. I certainly didn't discuss the soil conditions or any of that sort of stuff.

Mr. McCollum. You never got involved with that?

Mr. Tambs. No.

Mr. McCollum. You never paid attention to it?

Mr. Tambs. No.

Mr. McCollum. Were you aware at some point while this was going on before it was terminated that it was a really big problem as a practical matter unrelated to any of the issues other than that? Just a pure practical problem?

Mr. Tambs. If you say did it become a big problem, the answer is yes.

Mr. McCollum. It was brought to your attention that it was a problem to build it physically?

Mr. Tambs. Well——

Mr. McCollum. And to use it if it were to be used?

Mr. Tambs. Well, I frankly don't—if there was a problem building it, I don't know why.

Mr. McCollum. Let me ask you one last question. Were you aware that Mr. Castillo had a KL–43 device?

Mr. Tambs. They asked me that when I gave my deposition. And—in April, right? AT that time, I think that he told me about it. But I would not swear that he did. But let's assume that he did. OK.

Mr. McCollum. You don't recall for sure but you thought he did. Is that what you are saying?

Mr. Tambs. That is what I am telling you.

Mr. McCollum. One last point I would like to make or maybe a question.

After all this discussion and all these laws and being here so long, Ambassador Tambs, wouldn't it be a lot easier on ambassadors like yourself if Congress wrote simpler, more straightforward laws?

Mr. **Tambs**. Well, I will leave that to you gentlemen.

Mr. **McCollum**. Thank you.

Chairman **Hamilton**. Mr. Ambassador, I understand you and your wife will be expecting very shortly.

Mr. **Tambs**. Yes, sir.

Chairman **Hamilton**. We want to say to you and her we wish you and her the very best.

We thank you for your testimony and understand it was given at a considerable personal inconvenience to you because of the family situation.

So we are indeed grateful to you for your appearance.

Mr. **Tambs**. Thank you, kindly, sir.

Chairman **Hamilton**. You are excused.

Without objection, we will enter into the record exhibits FIR-1 through 6, and LAT-1 through 6.

Chairman **Hamilton**. The joint hearings will resume at 9:00 tomorrow morning with the CIA agent. That will be in executive session. It will be in room 2141 and Members are asked to enter through the door 2140. That is on the first floor of the Rayburn Building.

The two Select Committees stand in recess then until 9:00 tomorrow morning.

[Whereupon, at 5:40 p.m., the Select Committees recessed, to reconvene at 9:00 a.m., Friday, May 29, 1987.]

APPENDIX A: EXHIBITS

APPENDIX

Exhibit APC-1

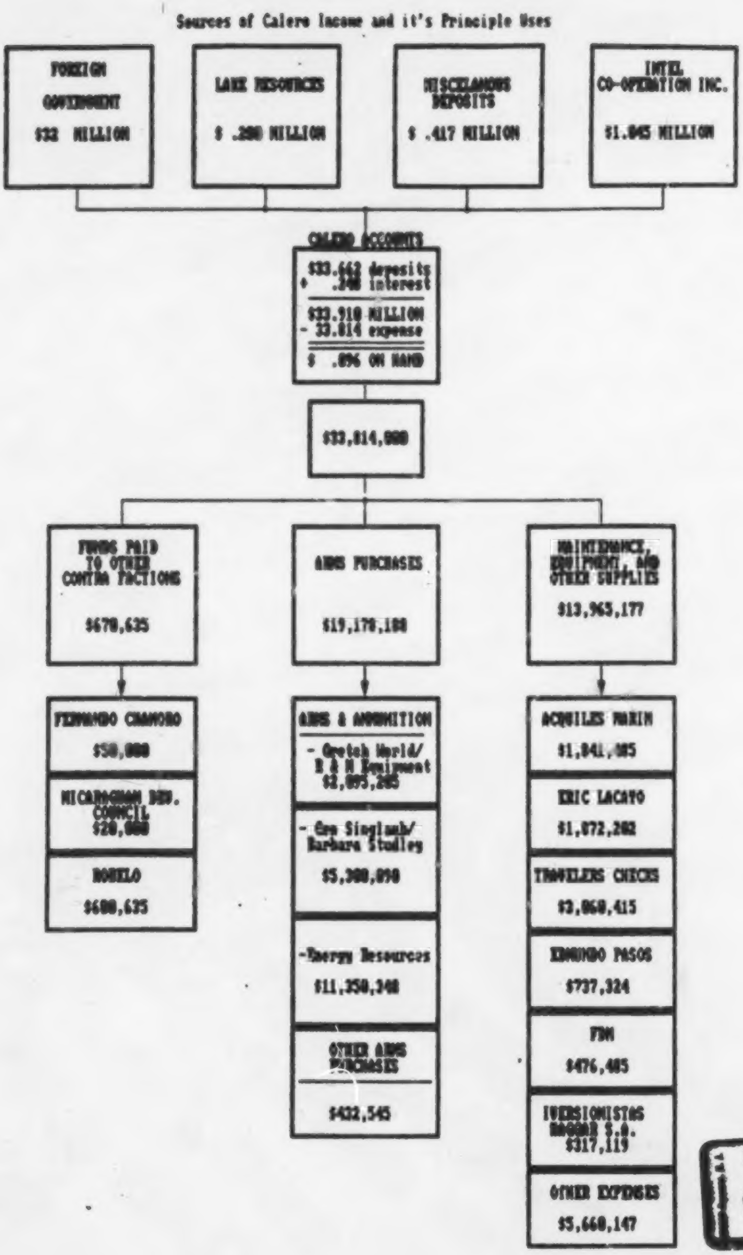

Sources of Calero Income and it's Principle Uses
FOREIGN GOVERNMENT
$32 MILLION
LAKE RESOURCES
$ .280 MILLION
MISCELANOUS DEPOSITS
$ .417 MILLION
INTEL CO-OPERATION INC.
$1.045 MILLION
CALERO ACCOUNTS
$33.662 deposits
+ .248 interest
$33.910 MILLION
- 33.814 expense
$ .096 ON HAND
$33,814,000
FUNDS PAID TO OTHER CONTRA FACTIONS
$670,635
ARMS PURCHASES
$19,170,188
MAINTENANCE, EQUIPMENT, AND OTHER SUPPLIES
$13,965,177
FERNANDO CHAMORRO
$50,000
NICARAGUAN DEV. COUNCIL
$20,000
ROBELO
$600,635
ARMS & AMMUNITION
- Gretch World/ B & R Equipment
$2,095,205
- Gen Singlaub/ Barbara Studley
$5,300,090
-Energy Resources
$11,350,348
OTHER ARMS PURCHASES
$432,545
ACQUILES MARIN
$1,041,085
ERIC LACAYO
$1,072,282
TRAVELERS CHECKS
$3,060,415
EDMUNDO PASOS
$737,324
FDN
$476,405
INVERSIONISTAS BAGDAD S.A.
$317,119
OTHER EXPENSES
$5,660,147

EXHIBIT
APC-1

000001 EXHIBIT APC 1

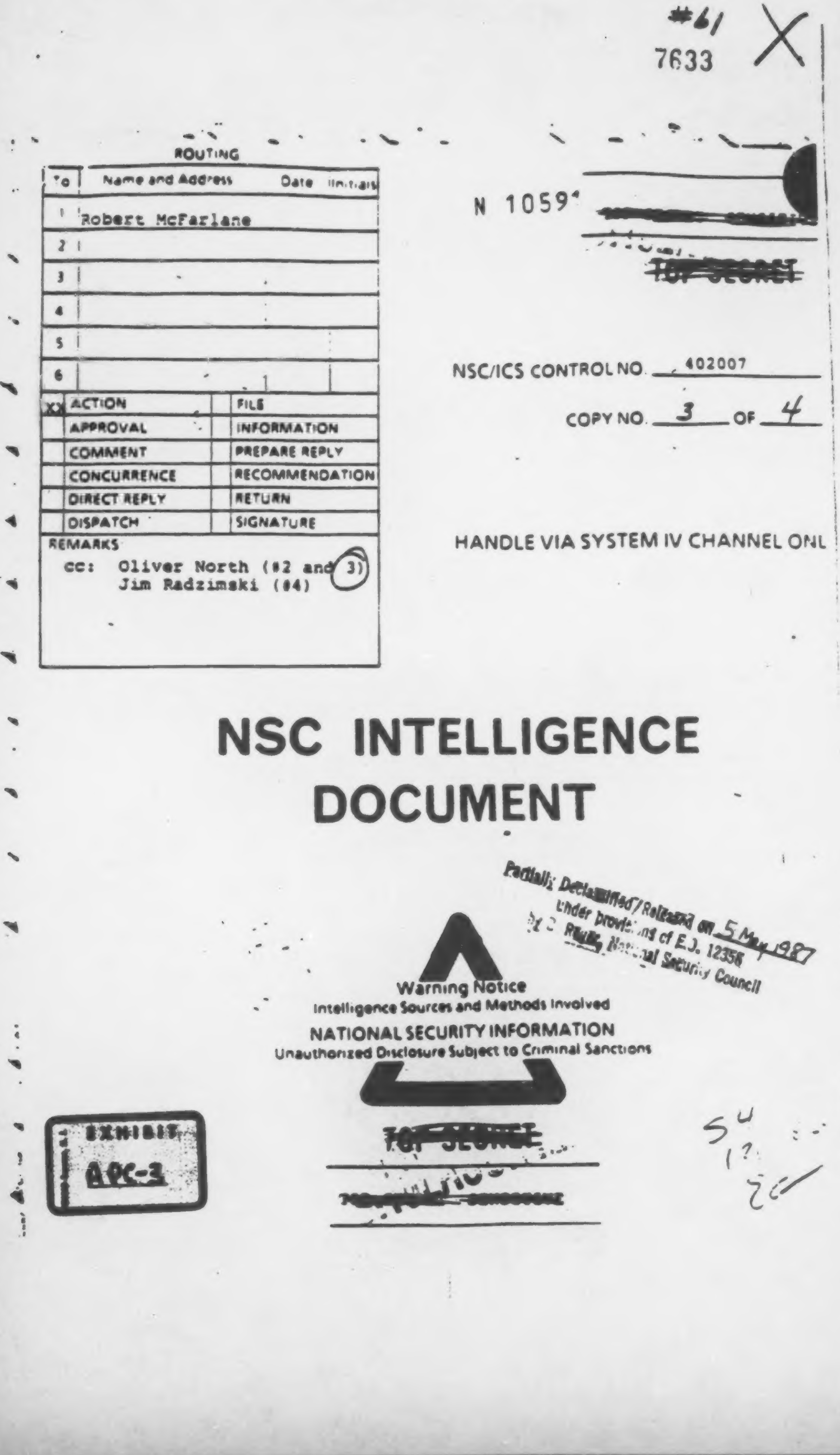
EXHIBIT APC-2

Deposits to the Calero Accounts

	Date	Amount	
I.	**Foreign Government**		
	7-6-84	$1,000,000	
	8-3-84	1,000,000	
	9-4-84	1,000,000	
	10-10-84	1,000,000	
	11-6-84	1,000,000	
	12-4-84	1,000,000	
	1-2-85	1,000,000	
	2-7-85	1,000,000	
	2-27-85	5,000,000	
	3-7-85	4,000,000	
	3-15-85	7,500,000	
	3-25-85	7,500,000	$32,000,000
II.	**Richard Miller (Intel Co-operation, Inc.)**		
	11-1-85	$ 100,000	
	6-3-86	15,000	
	6-23-86	15,000	
	6-24-86	500,000	
	9-30-86	99,937	
	10-3-86	149,906	
	12-1-86	74,953	
	1-19-87	79,950	1,044,746
III.	**Lake Resources**		
	10-23-85	$ 25,000	
	10-25-85	175,000	200,000
IV.	**Misc Deposits**		417,000
		Total Contributions	$33,661,746

EXHIBIT
APC-2

Exhibit APC-3



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ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

N 1059

[redacted]

~~TOP SECRET~~

NSC/ICS CONTROL NO. 402007

COPY NO. 3 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONL

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by C. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~

[redacted]

EXHIBIT
APC-3

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UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ISC-40200

N 10592

Partially Declassified/Released on 5 May 87
Under provisions of E.O. 12356
by [redacted] National Security Council

April 11, 1985

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds which have been made available since USG funding expired in May 1984. From July 1984 through February 1985, the FDN received $1M per month for a total of $8M. From February 22 to April 9, 1985, an additional $16.5M has been received for a grand total of $24.5M Of this, $17,145,594 has been expended for arms, munitions, combat operations, and support activities:

-- most expenditures have been for purchases of arms, ammunition, and other ordnance items;

-- the $2.5M indicated for upkeep of base camps on the borders includes costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters;

-- the funding has allowed the growth of the resistance from 9,500 personnel in June 1984 to over 16,000 today--all with arms;

-- when the May 1985 sealift arrives ($5M has already been deposited for this delivery), an additional 6,000 fighters can be equipped and fielded after a 3 week training period;

-- the relocation of base camps along border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack (cost for this relocation have not yet been fully quantified);

-- the acquisition of two small transport aircraft at the cost of $186K is prudent given the increased patrolling activity by the EPS along border, thus complicating trail-borne resupply for columns operating deep inside Nicaragua.

Declassify: OADR

UNCLASSIFIED

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type operations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year.

Future Operations

Plans call for remaining resources ($7,354,000) to be used as follows:

-- increasing the force to a total of 25,000 by mid-Summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinty of Siuna, Bonanza, and La Rosita (Nicaragua)--the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M which the USG may be able to provide will help to defray base camp, training, and support expenses but will not significantly affect combat operations until early Autumn due to lead-time requirements. Efforts should, therefore, be made to seek additional funds from the current donors ($15-20M) which will allow the force to grow to 30-35,000. If a commitment for these funds is made between now and June 1985, supplies could be ordered in July, allowing the force to reach these levels by the end of October 1985.

UNCLASSIFIED N 10594

~~TOP SECRET~~ 3 ~~SENSITIVE~~

RECOMMENDATION

That the current donors be approached to provide $15-20M additional between now and June 1, 1985.

Approve _____ Disapprove _____

Attachment
Tab A - Summary Analysis of FDN Expenditures

UNCLASSIFIED

~~TOP SECRET~~ ~~SENSITIVE~~

N 10595

UNCLASSIFIED

N 10596

As of April 9, 1985

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
	G-3 rifles	[redacted]
	Magazines	[redacted]
	Rounds 7.62 x 51	[redacted]
	Rounds 7.62 x 51	[redacted]
	Hand grenades	[redacted]
Airlift #1 - February 1985		
	81mm grenades	$
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
Freight, Demurrage, Ins., etc.		
Airlift #2 - March 1985		
750,000	Rounds 7.62 x 39	$ 210,000
1,000	RPG-7 grenades	265,000
8,910	Hand grenades	84,645
60	60mm mortars	96,000
1,472 Kgs	C-4	47,104
[redacted]	Fuses and detonators	
[redacted]	G-3 rifles	
[redacted]	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
Freight, Demurrage, Ins., etc.		
Sealift #1 - April Arrival		
	RPG-7 rockets	$
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
Freight, Ins., and other exp		
	M-79 grenades	

Partially Declassified/Released on 5 May '87
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

UNCLASSIFIED

2

N 10597

FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity	Item	Cost
Sealift #2 - May Arrival		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoilless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
	C-4	
[redacted]	Fuses and detonators	
Deposit paid		
Estimated cost		
Miscellaneous Expenses Since July 1984		
	Uniforms	
	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst, upkeep of base camps, air force hospitals, etc.	
	Political activity - offices in various countries and cities, travel, p.r.	
	Acquisition two transp airplanes	

EXHIBIT APC-4

ITEM	TYPE	QUANTITY	PRICE PER UNIT USD	TOTAL PRICE USD	TOTAL WEIGHT (TONS)
* 1.	AKM-47	10,000	$ 135.- each	$ 1,350,000.00	96.0
2.	7.62 x 39	15,000,000	$ 110.- per M	$ 1,650,000.00	220.0
3.	RPG-7	200	$ 1,650.- each	$ 330,000.00	3.0
4.	PG-7vm	5,000	$ 185.- each	$ 925,000.00	29.0
6.	RPK	250	$ 2,000.- each	$ 500,000.00	
7.	Bands	3,000	$ no charge	$ -----	
				$ 4,755,000.00	
			Shipping	$	
				$	

EXHIBIT
APC-4

ok.
15 May 1985 -
Received

* Includes 5 (five) magazines, sling, and cleaning equipment per item.

EXHIBIT APC-5

Given to NHAO by
Arturo Cruz on 10/7/85.
S 4430

UNO

October 3, 1985

cc. given to T. Smiljenich on 4/9/87
(Sen. Select Com.)

Ambassador Robert Warner Duemling
Nicaraguan Humanitarian Assistance
Office
1701 North Fort Meyer Drive
Arlington, Virginia

Dear Mr. Ambassador:

It has become apparent that UNO and even perhaps NHAO will have to rely, to a certain extent, on outside organizations and people to accomplish certain tasks, both in and outside of the United States. To facilitate this, from time to time UNO will find it imperative to designate organizations or people to act on behalf of UNO and to work with NHAO.

The purpose of this letter is to request that NHAO recognize, use and work with to the greatest extent possible the Institute for Democracy, Education and Assistance (IDEA) as such a designated organization. IDEA's representatives can coordinate and/or act as liaison for the procurement, transportation and distribution of goods and services provided through NHAO, or it can act in anyother appropriate role. We believe IDEA can be mutually beneficial to NHAO and UNO.

IDEA is a 501 (c)(3) tax deductable, non-profit, tax-exempt organization chartered and incorporated in the District of Columbia. The current president is Robert Owen, an individual known and trusted by us.

IDEA will agree to work on behalf of UNO provided it is reimbursed for all out of pocket expenses associated with this effort including but not limited to: transportation, telephone and communications, reasonable office expenses, compensation for staff, accounting and legal counsel etc. It is our understanding NHAO can provide this funding if requested by us.

Please consider this a formal request.

We would like IDEA to receive a monthly donation of $4,850 for the full time services of Mr. Owen, plus the cost of personal insurance, FICA, and other reasonable costs. We request this, and other expenses incurred by IDEA, be provided by NHAO for the duration of this project, or until mutually decided otherwise.

EXHIBIT
APC-5

S 4431

Ambassador Duemling
October 3, 1985
Page 2

IDEA has our permission to retain or subcontract individuals, organizations or corporations which may be helpful in fulfilling its objectives. For example, Dr. Verne Chaney is knowledgeable of the medical situation and needs in the North, South and on the Atlantic coast. He has visited our camps and knows our doctors and has their trust. We would like him to act as our medical representative in the United States and, in consultation with our people on the ground, provide advice and input on medicines and equipment to be purchased with NHAO's funding. We would like him retained by IDEA on a per diem basis plus expenses.

Should representatives of IDEA or others have to travel, we request they receive their travel costs plus a per diem based on the State Department rate as well as their daily rate.

As this whole undertaking is as new to you as it is to us, we wish to make things easy; we want the project to run smoothly and requests processed in a timely manner with as little bureaucracy as possible while abiding by the constraints imposed. We have confidence IDEA can help accomplish these ends.

We understand the pressures you are under, but we do want to move forward as quickly as possible. At your earliest convenience, please let Mr. Evenor Valdivia know if this request is acceptable. If it is not, please inform him what you would suggest.

Sincerely,

Adolfo Calero

Arturo J. Cruz

Alfonso Robelo

CC: Evenor Valdivia

EXHIBIT APC-6

TRAVELERS CHECKS CASHED BY OLIVER NORTH

I. FOOD STORES

Date Cashed	Amount	Payee
4/21/85	$50	Giant Food ($8.95 - Amount of Purchase)
6/8/85	20	Giant Food ($4.42 - Amount of Purchase)
6/13/85	20	Giant Food ($5.75 - Amount of Purchase)
6/16/85	20	Giant Food ($3.09 - Amount of Purchase)
6/20/85	20	Giant Food ($5.71 - Amount of Purchase)
6/20/85	20	Giant Food ($7.19 - Amount of Purchase)
6/22/85	20	Giant Food ($1.61 - Amount of Purchase)
6/23/85	20	Giant Food ($7.65 - Amount of Purchase)
6/23/85	20	Giant Food ($1.25 - Amount of Purchase)
7/6/85	50	Giant Food ($26.85 - Amount of Purchase)
7/11/85	20	Giant Food ($11.50 - Amount of Purchase)

EXHIBIT
APC-6

I. FOOD STORES (cont'd)

Date Cashed	Amount	Payee
7/14/85	$20	Magruders ($15.98 - Amount of Purchase)
7/20/85	20	Giant Food ($13.15 - Amount of Purchase
7/27/85	20	Giant Food ($5.05 - Amount of Purchase)
Subtotal	$340.00	$118.15

II. RETAIL STORES

Date Cashed	Amount	Payee
5/7/85	$20	Drug Fair
6/9/85	20	Sugarland Texaco
6/9/85	20	Sugarland Texaco
7/3/85	20	Farragut Valet
7/13/85	20	Appalachian Outfitters
7/20/85	20	Parklane Hosiery
11/30/85	100	National Tire Wholesalers
Subtotal	$220	

III. OTHER

Date Cashed	Amount	Payee
4/1/85	$100	San Antonio Foreign Exchange
4/26/85	20	Delta Airways
4/26/85	100	Mandaly Four Seasons Hotel
5/3/85	50	Unknown
5/10/85	20	Unknown
6/9/85	20	The American Cafe
6/9/85	20	Dobbs House Int'l (Atlanta Airport)
7/10/85	500	Pan American Airways
7/10/85	500	Pan American Airways
8/10/85	500	Financial America (Miami Airport)
12/24/85	50	Sheraton Carlton Hotel
Subtotal	$1,180	
Grand Total	$2,440	

TRAVELERS CHECKS

Oliver North

During the period April 1, 1985 to December 24, 1985, Oliver North cashed $2,440 in Travelers Checks as follows:

1. $340 at food stores for purchases totalling $118.15 between April 21, 1985 and July 27, 1985.
2. $220 at other retail establishments between May 7, 1985 and November 30, 1985.
3. $1,880 at other establishments between April 1, 1985 and December 24, 1985.

Dennis Dwyer

Cashed $5,000 in checks between June 28, 1985, and July 8, 1985.

William C. Dwyer

Cashed $12,300 in checks between June 26, 1985 and July 5, 1985.

Frank C. Tirello

Cashed $8,000 in checks between July 3, 1985 and September 11, 1985.

EXHIBIT APC-7

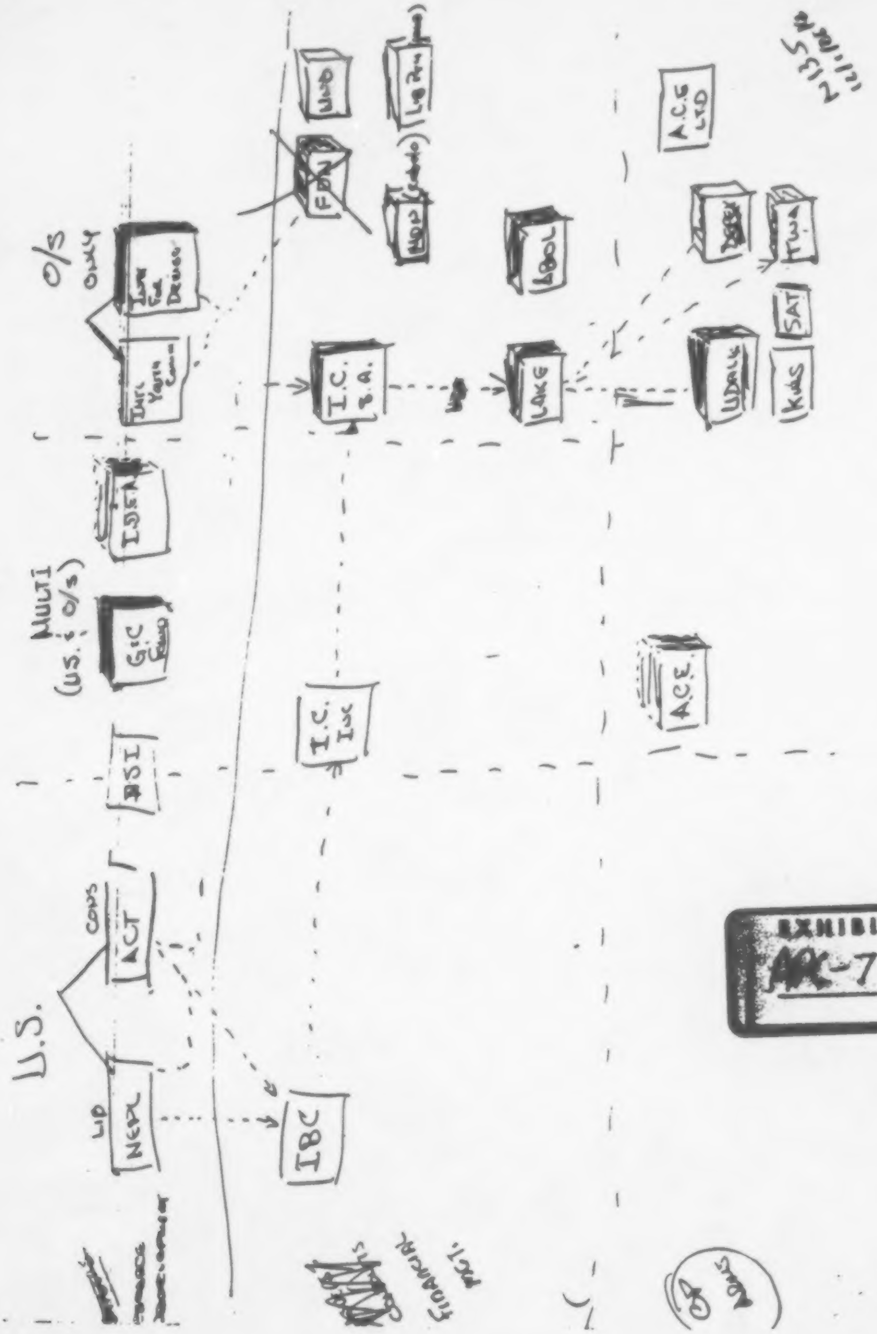

U.S.
NEPL
LID
ACT
CONS
BSI
MULTI (U.S. & O/S)
G.I.C. FUND
I.SEL
O/S ONLY
IBC
I.C. INC
I.C. S.A.
FDN
LAKE
SAT
KIDS
UDALL
TWA
A.C.E.
A.C.E. LTD
FINANCIAL

EXHIBIT
APC-7

EXHIBIT JKS-1

W 0047

6-000042

EXHIBIT

JKS-1

ITEM	TYPE	QUANTITY	PRICE PER UNIT USD	TOTAL PRICE USD	TOTAL WEIGHT (TONS)	
1. ok	[illegible] AKM-47	10,000 ~~5,000~~	$ 135. each	1,350,000. $ ~~675,000.00~~	48.0	96.0
2. ok	7.62 x 39	~~12,000,000~~ ~~6,000,000~~ 15,M.L.	110. per M	1650,000. $ ~~660,000.00~~	109.44	220.0
3. 200 ok	RPG-7	200	1,650. each	$ 330,000.00	3.0	3.0
	[illegible]	10-15.50 ea	(free)			
4. ok	PG-7vm	~~3,000~~ 5,000	185. each	925,000 $ ~~555,000.00~~	16.5	[illegible]9.00
5. ok / [illegible]	SA-72M	20 pkgs. - 1+3	164,000. each	$ 3,280,000.00		
6. ok	RPK	250 3000	~~2,200~~ each ok 2,000.	500,000. $ ~~550,000.00~~		
				4,755,000. $ ~~4,050,000.00~~		
			Shipping	$ 350,000.00		
				$ 6,400,000.00		

3000 Bandoliers - no charge.

1. 10,000 + 5 mag
2. 15,000,000
3. 200
4 5000
6 250 - 2000 ea
3000 Bandoliers - no charge.

3.4 [illegible]

handgrenades

7. A. Offensive -
B. Defensive

8. 81mm mortars - 82 (Russian equivalent)

Committee Exh. 3
4-29-87

EXHIBIT JKS-2

W 0046

EXHIBIT

JKS-2

ITEM	TYPE	QUANTITY	PRICE PER UNIT USD	TOTAL PRICE USD	TOTAL WEIGHT (TONS)
* 1.	AKM-47	10,000	$ 135.- each	$ 1,350,000.00	96.0
2.	7.62 x 39	15,000,000	$ 110.- per M	$ 1,650,000.00	220.0
3.	RPG-7	200	$ 1,650.- each	$ 330,000.00	3.0
4.	PG-7vm	5,000	$ 185.- each	$ 925,000.00	29.0
6.	RPK	250	$ 2,000.- each	$ 500,000.00	
7.	Bands	3,000	$ no charge	$ -----	
				$ 4,755,000.00	
			Shipping	$	
				$	

* includes 5 (five) magazines, sling, and cleaning equipment per item.

ok.
15 May 1985
Received

Committee Ex. 2
4-29-87

Exhibit JKS-3

[illegible]

of the s/s goods according to the Contract No 235/883abc
sailed on the ship [redacted] on [illegible] June, 19[illegible]
from [redacted]

BS 0011

1. AKM - 10.000 pcs

   1.000 cases marked and numbered:
   "Contract No 235/883abc; case No 1/1 to Case No 1/1000"
   Weight: 96.000 kos, volume: 245 cbm.

2. 7,62 x 39 - 15 million pcs

   10.715 cases, marked and numbered:
   "Contract No 235/883abc; case No 2/1 to case No 2/10.715"
   Weight: 321,430 kos, volume: 214,3 cbm.

3. RPG-7V - 200 pcs

   67 cases, marked and numbered:
   "Contract No 235/883abc; case No 3/1 to case No 3/67"
   Weight: 3,666 kos, volume: 17.22 cbm.

4. PG-7VM - 5.000 pcs

   834 cases, marked and numbered:
   "Contract No 235/883abc; case No 4/1 to case No 4/834"
   Weight: 27.500 kos, volume: 66.72 cbm.

5. LMG RPD/RPD-44 - 250 pcs

   63 cases marked and numbered:
   "Contract No 235/883abc; case No 5/1 to case No 5/63"
   Weight: 5.692 kos, volume: 17.4 cbm.

TOTAL: 12,679 cases
WEIGHT: 454,50[illegible] kos VOLUME: 560.64 cbm.

EXHIBIT
JKS-3

EXHIBIT JKS-4

[redacted]

MEMORANDUM

BS 0005

TO : LT. COL. OLIVER NORTH

FROM : B. F. STUDLEY

DATE : OCTOBER 30, 1985

4:00 AM, October 29, 1985 - Washington, D.C.

Received a phone call from my source (ref. "W") inside Eastern Block.

"W" was insistent that I convey the following information to you IMMEDIATELY as he was concerned that information might end up in the hands of the media. In turn, they would confront you.

October 29, 1985, AM [redacted] time - "W" was called to a meeting at the [redacted] Embassy in [redacted]

Authorities questioned "W" about the shipment that went from [redacted] to [redacted] on June 20, 1985. "W" denied that his ship was intended for the Contras. They then informed "W" of the following incrediable events.

A man named MARIO DELLAMICO (Cuban American, works for an arms dealer named RON MARTIN) walked into [redacted] Embassy in Washington two weeks ago.

Dellamico was asking their help in getting [redacted] to sell Ron Martin's Company, arms for Contras.

[redacted] answer was ABSOLUTELY NOT - it would be against their law. At that time Dellamico gave the [redacted] Embassy a copy of OUR PACKING LIST bearing the following information:

1. Shipment left [redacted] and was received by [redacted]
2. Itemized List of Inventory.
3. Ship's Name and Date of Departure.
4. Our Representative's Signature.

G000001

MEMORANDUM
PAGE TWO

As [redacted] officials questioned "W" in [redacted], that same morning "W's" man (who handled shipment at [redacted] port) was called in by [redacted] authorities in [redacted]

In both cases - [redacted] VERY ANGRY. [redacted] is afraid this will leak to press and cause them problems with the [redacted]

"W" had an important shipment in port and was concerned they would stop shipment. ("W" said to tell you it is the first of five you are expecting.) "W" later called to say SHIP HAD SAILED.

"W" was furious that his contact (long and costly to form) could be blown. "W" is concerned about his sensitive shipment sitting in [redacted] port and also concerned that this could become international headlines.

The copies of our packing list has now gone from Washington, [redacted] [redacted] and [redacted] because of Ron Martin's man, Dellamico.

"W" urges you to stop Ron Martin/Dellamico.

Dellamico was given packing list by [redacted] OFFICIAL that accepted our shipment.

I am informed that Ron Martin and the [redacted] are involved in attempting to force Contras to buy from them. Dellamico demanded [redacted] sell to Ron Martin the same goods that they sold to us. They refused - they are afraid of Ron Martin.

[redacted] is sending a special man to talk to "W" in [redacted] on Friday, November 1, 1985 regarding this entire affair.

"W" maintains he has crisis there under control - however, is very concerned about Ron Martin.

Meanwhile - Martin's company still has copies of our documents -

ENCLOSED:

1. Copies of documents delivered to [redacted] Embassy by Dellamico.
2. Report from my representative that was in [redacted] to meet ship. The "Mario" referred to is Dellamico.
3. General John K. Singlaub has been advised of this information.

Exhibit JKS-5

File

NIC [illegible]

CONFIDENTIAL

N 16513

[redacted]

Jack has asked that I send you a copy of the "List" and the letter being delivered to Bill Casey by Ed Luttwak at noon today (Aug. 5).

Please follow up with him, or in the event that you cannot do so, please see that the right person in the NSC understands what we are proposing.

Swiss banker standing by, loan can be arranged with absolutely no names, etc. Funds available immediately. Shipment can leave dock within two weeks and arrive at destination in five to six weeks from now (Sept 9th).

EXHIBIT

JKS-5

E X 0235

PERSONAL AND CONFIDENTIAL

Mr. William Casey
Director, Central Intelligence Agency
Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Yours truly,

Jack

John K. Singlaub
Major General, U.S. Army (RET)
Consultant

DEPOSITION
EXHIBIT 1
SCHWEITZER
4-27-87

1 Incl: a/s

GeoMilTech Consultants Corporation
Suite 300, 1919 Pennsylvania Avenue, N.W. / Washington, D.C., U.S.A. 20006 • (202) 887-0616 / Telex: 904278 GMT Wash. D.C.
☐ WASHINGTON ☐ [illegible] ☐ TEL AVIV ☐ FRANKFURT ☐ SEOUL

GeoMiliTech Consul…s Corp
1919 Pennsylvania Ave NW Suite 300
Washington DC 20006

(202) 887-0516

Quoted : 28 July 1986

E X 271

#	ITEM	QTY	UNIT PRICE
1	SA-7	50 sets(1+3)	159,600 per set
2.	12.7mm MachineGun	60	9,350each
	12.7mm Ammo	3 Million Rounds	2,940 per M
3.	14.5mm MachineGun	20 Twin Version	34,000each
	14.5mm Ammo	1 Million Rounds	3,570 per M
4.	RPK Rifle	300	1,980each
	7.62X39mm Ammo	15 Million Rounds	129 per M
5.	60mm Mortar "Commando"	200	6,500 each
	60mm Shells	600,000	84 each
6.	82mm Mortar	50	7,150 each
	82mm Shells	150,000	105 each
7.	RPG-7 Launcher	200	1,815each
	PG-7vm Rockets	10,000	194 each
8.	C4 Plastic HE*		
9.	AKMS Rifles	10,000	155 each

PRICE
FOB : Poland.
Delivery : Immediate availability.
Factory to dockside.
Commercial shipper will deliver to port you designate at normal competitive rates.

* Available: Source will not quote without bona fide offer.
Item under control of separate part of government.
Source guarantees price will be as competitive as the other items on this list.

NO EUC REQUIRED.
SOURCE SUPPLIES ALL REQUIRED DOCUMENTS AT NO ADDITIONAL CHARGE.

EXHIBIT JKS-6

N 5518

1. OBJECTIVE

To create a conduit for maintaining a continuous flow of Soviet weapons and technology, to be utilized by the United States in its support of Freedom Fighters in Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, etc.

2. PROBLEM

With each passing year, Congress has become increasingly unpredictable and uncooperative regarding the President's desire to support the cause of the Freedom Fighters, despite growing Soviet oppression. The funds have not been forthcoming to supply sufficient arms necessary for the Freedom Fighters to win. Therefor, in leiu of the necessary funding to support this goal, the following 3-Way Trade is proposed:

3. PROPOSAL

COUNTRY "A": [redacted]. [redacted] is capable of producing an ongoing supply of Soviet-compatible arms. [redacted] is at the same time trying desparately to upgrade their own military forces and equipment. They would like to purchase from [redacted] a wide range of military equipment.

COUNTRY "B": [redacted]. [redacted] would like to sell to [redacted], but Israel's economy is not capable of supporting long-term credit or barter agreements. As such, the United States is the key in the successful 3-Way Trade.

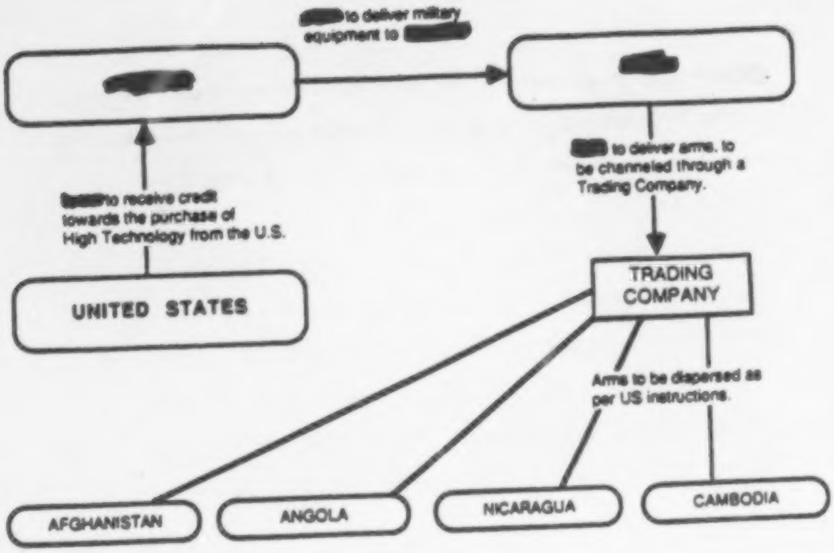
COUNTRY "C": UNITED STATES. The United States is able to provide Israel with desired High Technology equipment and information. Based on this commodity, the Trade would operate as follows:

PAPERCLIP TO 2034

EXHIBIT
JKS-6

N 5519

3 WAY TRADE


[redacted] to deliver military equipment to [redacted]
[redacted]
[redacted]
[redacted] to receive credit towards the purchase of High Technology from the U.S.
UNITED STATES
[redacted] to deliver arms, to be channeled through a Trading Company.
TRADING COMPANY
Arms to be dispersed as per US instructions.
AFGHANISTAN
ANGOLA
NICARAGUA
CAMBODIA

4. RESULTS

[redacted] sells equipment, which in many cases sits stockpiled at present, to [redacted] In return, [redacted] receives from the United States equipment and technology that it could not otherwise afford to purchase.

[redacted] receives much-needed modernization for its forces, thereby presenting a stronger threat to the Soviet Union. In return, [redacted] exports an ongoing supply of domestically manufactured arms, as per directions from the United States.

The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

The United States would be in a position to dispense these shipments through a neutral Foreign Trading Company, established solely for this purpose.

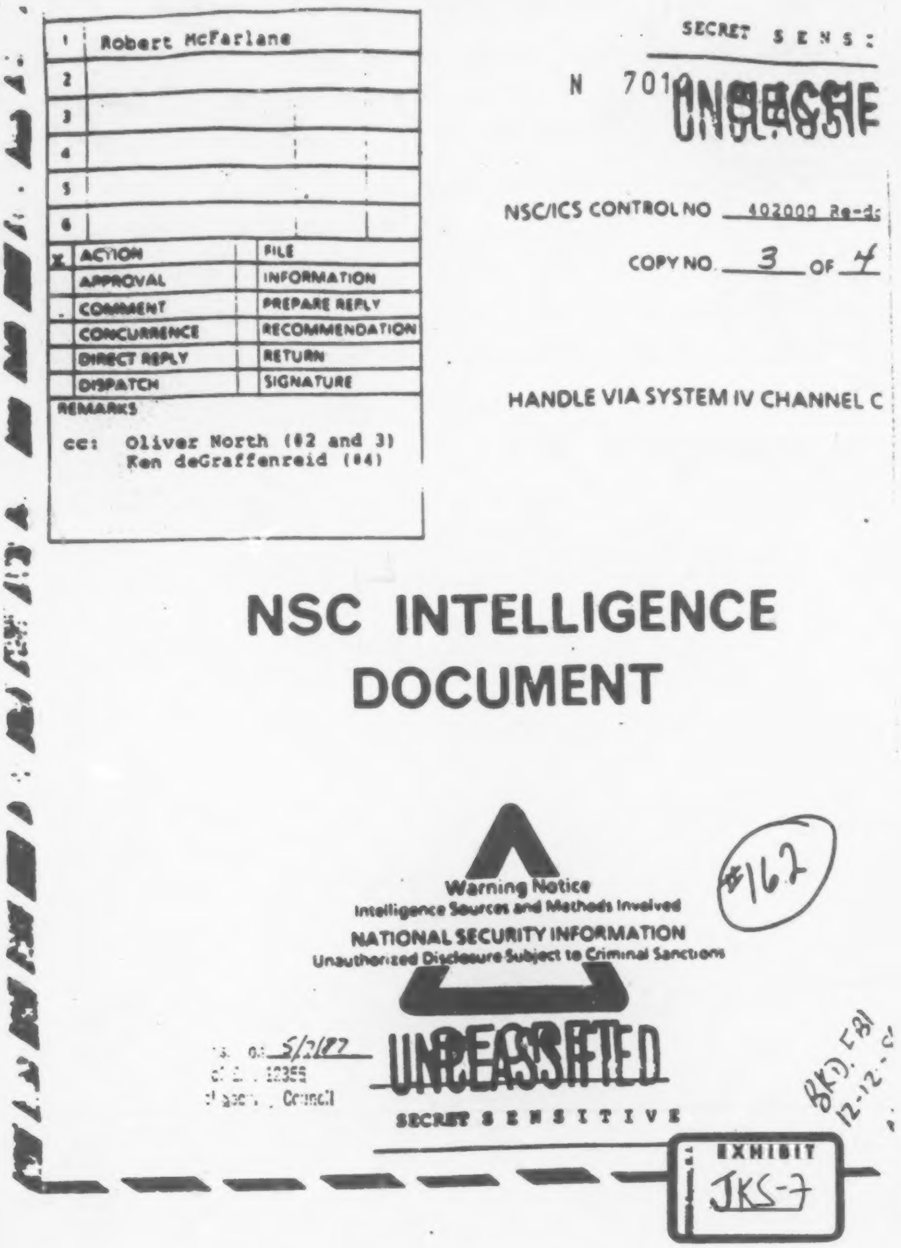
China would only be aware of the fact that it is to ship to the Trading Company such specified goods as requested, comparable in USD value to the equipment received from Israel. China would not be aware of the final destinations of any of the exported arms.

Israel would only be aware of the buying power extended by the United States for US technology, again in comparable USD value to the equipment sent to [redacted]

The United States at present holds to a policy of providing assistance to [redacted], a goal which would be forwarded through this transaction. Likewise, the United States is committed to extending financial and technological assistance to the State of [redacted]. This too would be accomplished. There are many avenues available regarding the forms of credit which could be extended to Israel.

We have received confirmation from [redacted] and [redacted] that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with [redacted] and the [redacted] defining their respective roles and the equipment they are willing to trade. This will serve to establish our initial parameters of equipment quantities, and the proportionate amount of credit required.

Exhibit JKS-7



1	Robert McFarlane
2	
3	
4	
5	
6	

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)

SECRET SENSI

UNCLASSIF

N 7010

NSC/ICS CONTROL NO 402000 Re-d

COPY NO. 3 OF 4

HANDLE VIA SYSTEM IV CHANNEL C

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

#162

[illegible] 5/2/87
[illegible] 12356
[illegible] Council

UNCLASSIFIED

SECRET SENSITIVE

[illegible]
12-12-[illegible]

EXHIBIT
JKS-7

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402000
Re-do

February 6, 1985

SECRET

SENSITIVE

ACTION

N 7013

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Cable to President Suazo of Honduras

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey requesting their concurrence in a proposed backchannel cable to President Suazo from President Reagan (Tab A). The cable is intended to emphasize for President Suazo our support in the event of a Sandinista attack [redacted]

Since we originally reported on January 25, the HUMINT and [redacted] indications of an attack, [redacted] Since January 29, the Sandinistas have been sporadically firing into Honduras with their artillery and rockets. GEN Paul Gorman delivered to the Pentagon on Monday, February 4, two 122mm rocket assemblies taken from their point of impact in Honduras. The intelligence at Tab II pertains. [redacted]

[redacted]

SECRET
Declassify: OADR

UNCLASSIFIED

SENSITIVE

N 7014

UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED

891

N 7015

At this point, two steps need to be urgently taken:

-- The FDN is in urgent need of near-term financing--approximatel $2M--for the purchase of rifles, ammunition, and boots for the new volunteers.

-- The Hondurans need to be stiffened with assurances from the United States that we will meet our responsibilities under existing treaties. [redacted]

[redacted]

Regarding the first matter, as a consequence of GEN Singlaub's recent trip, both the [redacted] and the [redacted] have indicated to [redacted] that they want to help in a "big way." [redacted] (CIA) has withheld the dissemination of these offers and contacted me privately to assure that they will not become common knowledge. Singlaub will be here to see me tomorrow. With your permission, I will ask him to approach [redacted] at the [redacted] Embassy urging that they proceed with their offer. Singlaub would then put Calero in direct contact with each of these officers. No White House/NSC solicitation would be made. Nor should Singlaub indicate any U.S. Gov endorsement whatsoever

RECOMMENDATIONS

1. That you sign and transmit the memo at Tab I.

Approve _____ Disapprove _____

2. That you authorize me to proceed as indicated with GEN Singlaub.

Approve _____ Disapprove _____

Attachments

Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
  Tab A - Proposed Backchannel Cable to Suazo
Tab II - Intelligence
Tab III - Photograph
Tab IV - Background Cables

from Doc 162

UNCLASSIFIED

SECRET

WASHINGTON

February 7, 1985

UNCLASSIFIED

SENSITIVE

N 7016

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
Chairman, Joint Chiefs of Staff

SUBJECT: Cable to President Suazo of Honduras (S)

There are continuing indications that the Sandinistas are planning a major attack against [redacted]

I understand that we have in our possession some evidence of the recent firing into Honduras. (S)

[redacted] At this time, no Honduran units have been put on alert or moved to the area and there are indications that the Honduran Government [redacted] (S)

It would appear that the Hondurans are reacting to the extraordinary buildup across their border in such a way as to minimize the attractiveness of [redacted] as a target. [redacted]

SECRET
Declassify: OADR

UNCLASSIFIED

SENSITIVE

UNCLASSIFIED

It is possible that a message of assurance to President Suazo could have a stiffening effect on Honduran resolve in the face o the Sandinista offensive. The cable at Tab A is designed to serve such a purpose. Could I ask that you review this cable personally and provide comments/concurrence in its dispatch by COB Thursday, February 7, 1985. Separately, I am asking John Poindexter to convene a CPPG to consider contingent U.S. actions in support of Honduras in the event it becomes necessary. (S)

Robert C. McFarlane

2 pages withdrawn
N 7018 - N7019
Denied in full
FDC 5/5/07

N 7020

4 pages withdrawn
N 7021 – N 7024
Denied in full
JDC 5/5/87

[illegible]

BUREAU OF INTELLIGENCE AND RESEARCH

UNCLASSIFIED

CURRENT REPORTS

February 1, 1985

N 7025

1. NICARAGUA: GOVERNMENT PLANS ANTI-CONTRA DRIVE IN FEBRUARY

The government is planning a major sweep in February and March again the contras [redacted]

INR Comment: We have evidence of government resupply activity that indicates a drive is imminent. The government's abilities in comman and control, logistics, and effective use of intelligence have not improved markedly, however, despite an increase in troop strength an materiel. Recent skirmishes indicate the contras, with their improving tactical skills, will probably not be hard hit by this offensive (SECRET/NOFORN/NOCONTRACT/ORCON)

Not

[redacted]

NONRELEVANT

3. NICARAGUA/HONDURAS: HONDURAN POST REPORTEDLY ATTACKED

Honduras charged January 31 that a Nicaraguan army unit entered Honduran territory near Palo Verde, Choluteca January 30 and attackec a Honduran army post, according to press and USDAO Tegucigalpa reporting. Honduran officials claimed that at least one Sandinista soldier was killed in the skirmish.

INR Comment: This foray is the third violation of Honduran territor to come to our attention recently. Most previous border violations have been [redacted] but this incident may be related to an increased Honduran army effort to interdict arms trafficking from Nicaragua into El Salvador. (CONFIDENTIAL)

N.R

[redacted]

NONRELEVANT

UNCLASSIFIE

UNCLASSIFIED Hous.

SECRET/NOFORN/NOCONTRACT/ORCON/EXDIS

Bureau of Intelligence and Research
Current Analysis Series N 7026

February 1, 1985

CENTRAL AMERICAN HIGHLIGHTS

Nicaragua-Contras: [redacted] the Nicaraguan government wou initiate a major military action in February and March, [redacted]

[redacted]

NON RELEVANT

N.P.

Assistance to Pastora: [redacted] during his January 18-23 visit to [redacted] Sandino Revolutionary Forces (FRS) chief Eden Pastora raised some $3,000 and pledges for greater support from [redacted] military, private enterprise and civilian government representatives. [redacted] The funds Pastora collected allowed him to begin his international fund raising trip with first stops in Miami and Washington. [redacted]

[redacted]

UNCLASSIFIED

SECRET/NOFORN/NOCONTRACT/ORCON/EXDIS
(DECL: OADR)

5 pages withdrawn
N7027 - N7031
Denied in full
ZDC 5/5/87

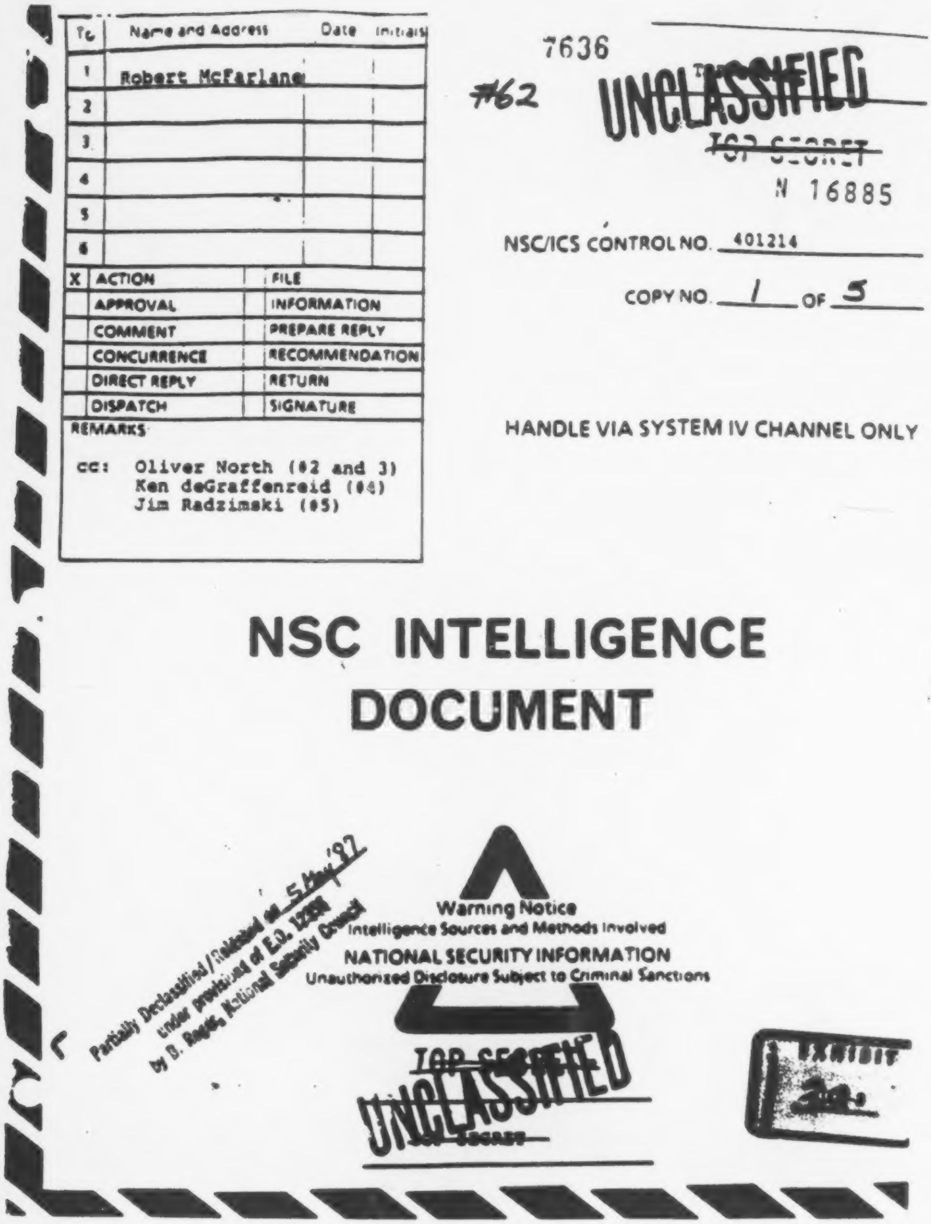
N 7032

2 pages withdrawn
N 7033 -N 7034
Denied in full
JOC 5/5/87

7 pages withdrawn
N7036 - N7042

Denied in Full
JDC 5/5/87

EXHIBIT JKS-8



To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)
Jim Radzimski (#5)

7636

#62

UNCLASSIFIED

~~TOP SECRET~~

N 16885

NSC/ICS CONTROL NO. 401214

COPY NO. 1 OF 5

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May '87
under provisions of E.O. 12356
by B. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~

UNCLASSIFIED

~~TOP SECRET~~

EXHIBIT
20

System # IV

Package # 401214

UNCLASSIFIED

1403

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson	1	PT	
Bob Kimmitt	2	K	
John Poindexter	3	C	
Tom Shull		✓	
Wilma Hall	4		
Bud McFarlane	5	M	A
Bob Kimmitt			
NSC Secretariat Jim	7		R
Situation Room			
	8	J	

N 16836

[redacted]

I = Information [✓ A = Action] R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other

COMMENTS

Should be seen by: (Date/Time)

UNCLASSIFIED

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

NSC/ICS-40[illegible]

Partially [redacted] R[illegible] 5 May '97 [illegible] Council

December 4, 1984

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

N 16887

FROM: OLIVER L. NORTH

SUBJECT: Assistance for the Nicaraguan Resistance

In accord with prior understanding, I met on Wednesday, November 28, with , Defense Attache, Embassy of the Gaston Sigur arranged the luncheon meeting at the Cosmos Club and was present throughout.

As agreed, I explained to our purpose in the meeting was to clarify questions which had been raised in Canada regarding an arms transaction destined I explained that an intermediary had advised that apparently made a decision not to proceed with the Canadian-originated arms sale. This offer of purchase included 10 SA-7 missile launchers 30 missiles, 1 training unit, and 10 tracking units.

professed to be unaware of the Canadian transaction. I advised him that the purchase was not really intended for use by but rather for the Nicaraguan Resistance Forces. Further, the intermediary had indicated that the problem appeared to be the number military officers who are graduates of the As a consequence of the apparent reluctance to proceed with the sale showing end user certificate, the Canadian arms dealer is preparing to re-initiate discussions for a similar delivery. was advised that the FDN would prefer to have the delivery as soon as possible, since the Soviet HIND-D helicopters were being assembled as we spoke.

was further advised that Adolfo Calero, the Head of the FDN, was willing to commit to a recognition once the Resistance Forces had succeeded. Indicated that he understood the message and would confer with the He observed, for the record, that [redacted] refused to become involved, in any way, in the internal affairs of another country. I indicated that we fully appreciated this position and noted that it was too bad that the Soviets, Bulgarians, and East Germans involved in Nicaragua did not feel the same way.

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

Later that afternoon, MGEN Jack Singlaub (U.S. Army, Retired) visited to advise of two meetings he had held early in the day regarding support for the Resistance. Singlaub passed on the following points:

Meeting with [redacted]

-- The FDN is in urgent need of anti-aircraft weapons and other crew-served weapons ammunition (particularly 60 and 81mm mortar rounds). Units in the field are also in need of large quantities of boots and clothing since the number of ralliers has exceeded expectations by 2,000.

-- The Resistance Forces are also in urgent need of expertise in maritime operations.

-- The USG is unaware of the Singlaub mission and he is making this request based on his long friendship Because of the law restricting USG involvement, no USG official can solicit on behalf the Resistance Forces.

-- If like to help, Singlaub can arrange a meeting with Adolfo Calero. If it is necessary for a USG official to verify Calero's bona fides, this can be arranged.

Meeting with [redacted]

-- By agreement with Calero, Singlaub advised since had turned down the earlier FDN request for assistance the Resistance movement had approached

-- The Resistance still is in need of financial support, munitions, and training assistance.

-- this was a "considerably different situation" than that which he had been aware of earlier. While not committing to support, he noted to Singlaub that this new information might make a difference

[redacted]

~~TOP SECRET~~ 3 UNCLASSIFIED

[redacted]

N 16889

This weekend, at the request of Sec. John Lehman, I met with Mr. David Walker, a former British SAS officer who now heads two companies (KMS and SALADIN) which provide professional security services to foreign governments. Walker had been approached several months ago, prior to initiating the current financial arrangement for the FDN. In addition to the security services provided by KMS, this offshore (Jersey Islands) company also has professional military "trainers" available. Walker suggested that he would be interested in establishing an arrangement with the FDN for certain special operations expertise aimed particularly at destroying HIND helicopters. Walker quite accurately points out that the helicopters are more easily destroyed on the ground than in the air. [redacted]

Unless otherwise directed, Walker will be introduced to Calero and efforts will be made to defray the cost of Walker's operations from other than Calero's limited assets.

[redacted]

[redacted]

~~TOP SECRET~~ UNCLASSIFIED

EXHIBIT JKS-9

MALOCK and ASSOCIATES, INC.
Accounting and Management Services

March 19, 1987

To Whom It May Concern:

RE: U. S. Council for World Freedom

This financial statement for the year ended December 31, 1986 represents the figures that will be used in preparing the 1986 Federal Income Tax Return. This return is not due until May 15, 1987 and it will be filed on time.

Sincerely,

Velda K Malock

Velda K Malock
Malock and Associates, Inc.

P.O. Box 39850 • Phoenix, Arizona 85069

EXHIBIT
JKS-9

UNITED STATES COUNCIL
FOR WORLD FREEDOM

FINANCIAL STATEMENT

UNAUDITED

DECEMBER 31, 1986

MALOCK and ASSOCIATES, INC.
Accounting and Management Services

ACCOUNTANTS' COMPILATION REPORT

United States Council for World Freedom
Phoenix, Arizona

The accompanying balance sheet of United States Council for World Freedom of December 31, 1986, and the related statement of operations for.the year ended have been compiled by me.

A compilation is limited to presenting in the form of financial statements information that is the representation of owners. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Owners have elected to omit substantially all of the disclosures and the statement of changes in financial position required by generally accepted accounting principles. If the omitted statement and disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operation, and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Velda L Malock

Malock and Associates, Inc.
January 20, 1987

P.O. Box 39850 • Phoenix, Arizona 85069

UNITED STATES COUNCIL
FOR WORLD FREEDOM
BALANCE SHEET
DECEMBER 31, 1986

ASSETS

ASSETS		
Cash in bank - AZ bank	$ 1,371.22	
Money market account	111,565.98	
Nicaraguan special fund	(87,388.84)	
Afghanistan special fund	(11,827.60)	
General freedom fund	(4,199.91)	
TOTAL CASH		$ 9,520.85
Loan	6,000.00	
Prepaid deposits	1,222.44	
TOTAL ASSETS		$ 16,743.29

LIABILITIES AND FUND BALANCE

LIABILITIES		
FICA	$ 858.00	
Federal W/H	231.00	
State W/H	396.00	
TOTAL LIABILITIES		$ 1,485.00
FUND BALANCE		
General fund balance	168,809.83	
Nicaraguan fund balance	(37,010.03)	
Afghanistan fund balance	(4,702.58)	
Freedom fighters fund balance	46,092.06	
Captive Nations fund balance	(1,984.08)	
Excess/deficit current year	(155,946.91)	
TOTAL FUND BALANCE		15,258.29
TOTAL LIABILITIES & FUND BALANCE		$ 16,743.29

UNITED STATES COUNCIL
FOR WORLD FREEDOM

COMBINED
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
Contributions - newsletter	$ 1,866.00	65.5	$ 132,765.14	34.9
Contributions - fund raising	420.00	14.7	33,623.17	8.8
Contribution - Nicaragua	515.00	18.1	208,795.18	54.8
Contribution - Afghanistan	2.00	0.1	2,677.04	0.7
Contributions - General	0.00	0.0	1,060.00	0.3
Interest income	45.29	1.6	1,840.77	0.5
Contributions - miscellaneous	0.00	0.0	45.00	0.0
TOTAL REVENUE	$ 2,848.29	100.0	$ 380,806.30	100.0
DISBURSEMENTS				
Fund raising	0.00	0.0	12,868.21	3.4
Advertising	0.00	0.0	3,349.45	0.9
Architectural Fees	0.00	0.0	1,500.00	0.4
Salaries	1,500.00	52.7	40,731.57	10.7
Payroll taxes	107.23	3.8	3,875.36	1.0
Bank charges/credit coll	5.00	0.2	139.29	0.0
Computer charges	0.00	0.0	6,540.18	1.7
Contract services	987.50	34.7	24,602.50	6.5
Delivery/shipping fed. exp.	97.00	3.4	2,121.28	0.6
Dues and subscriptions	0.00	0.0	1,181.63	0.3
Equipment repair	0.00	0.0	10,445.28	2.7
General insurance	0.00	0.0	449.51	0.1
Conference dues	0.00	0.0	31,108.47	8.2
Editorial fee	0.00	0.0	8,500.00	2.2
Management fee - newsletter	1,315.00	46.2	27,975.05	7.3
Miscellaneous	0.00	0.0	492.94	0.1
Office expense	381.49	13.4	6,616.70	1.7
Medical supplies	0.00	0.0	295.00	0.1
Educational supplies	0.00	0.0	40,295.21	10.6
Travel	0.00	0.0	28,873.89	7.6
Fuel & gas	0.00	0.0	4,740.78	1.2
Food & personal supplies	0.00	0.0	10,421.96	2.7
Transporation equipment	419.71	14.7	187,391.63	49.2
Repair & maintence	0.00	0.0	4,707.66	1.2
Wire expense	0.00	0.0	48.15	0.0

UNITED STATES COUNCIL
FOR WORLD FREEDOM

COMBINED
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Postage - newsletter	200.00	7.0	2,310.72	0.6
Postage - fund raising	0.00	0.0	1,251.50	0.3
Postage - brochures	0.00	0.0	41.52	0.0
Professional services	525.00	18.4	9,810.00	2.6
Printing & paper newsletter	0.00	0.0	10,670.56	2.8
Printing & paper fund raising	0.00	0.0	199.92	0.1
Educational needs	0.00	0.0	150.00	0.0
Rent	145.00	5.1	7,835.03	2.1
Committee of Iran	0.00	0.0	4,872.46	1.3
Taxes and licenses	0.00	0.0	234.31	0.1
Speaking engagements	0.00	0.0	1,307.99	0.3
Utilities	0.00	0.0	(155.38)	0.0
Telephone & telegraph	1,916.45	67.3	22,296.48	5.9
Travel and ent. Singlaub	90.08	3.2	12,085.16	3.2
Travel and ent. Board of Dir.	0.00	0.0	4,571.24	1.2
TOTAL DISBURSEMENTS	7,689.46	270.0	536,753.21	141.0
Net revenue/disbursements	$ (4,841.17)	170.0	$ (155,946.91)	41.0

UNITED STATES COUNCIL
FOR WORLD FREEDOM

NEWSLETTER
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
Contributions - newsletter	$ 1,866.00	80.0	$ 132,765.14	78.9
Contributions - fund raising	420.00	18.0	33,623.17	20.0
Interest income	45.29	1.9	1,840.77	1.1
Contributions - miscellaneous	0.00	0.0	45.00	0.0
TOTAL REVENUE	$ 2,331.29	100.0	$ 168,274.08	100.0
DISBURSEMENTS				
Fund raising	0.00	0.0	111.98	0.1
Salaries	1,500.00	64.3	40,731.57	24.2
Payroll taxes	107.23	4.6	3,875.36	2.3
Bank charges/credit coll	5.00	0.2	139.29	0.1
Computer charges	0.00	0.0	6,540.18	3.9
Contract services	987.50	42.4	4,542.50	2.7
Delivery/shipping fed. exp.	97.00	4.2	1,733.93	1.0
Dues and subscriptions	0.00	0.0	1,181.63	0.7
Equipment repair	0.00	0.0	445.28	0.3
General insurance	0.00	0.0	449.51	0.3
Conference dues	0.00	0.0	31,108.47	18.5
Editorial fee	0.00	0.0	8,500.00	5.1
Management fee - newsletter	1,315.00	56.4	27,975.05	16.6
Miscellaneous	0.00	0.0	83.94	0.0
Office expense	381.49	16.4	6,576.70	3.9
Educational supplies	0.00	0.0	898.20	0.5
Travel	0.00	0.0	12,931.37	7.7
Repair & maintence	0.00	0.0	425.75	0.3
Wire expense	0.00	0.0	48.15	0.0
Postage - newsletter	200.00	8.6	2,310.72	1.4
Postage - fund raising	0.00	0.0	1,251.50	0.7
Postage - brochures	0.00	0.0	41.52	0.0
Professional services	525.00	22.5	9,810.00	5.8
Printing & paper newsletter	0.00	0.0	10,670.56	6.3
Printing & paper fund raising	0.00	0.0	48.63	0.0
Educational needs	0.00	0.0	50.00	0.0
Rent	145.00	6.2	7,835.03	4.7
Utilities	0.00	0.0	872.46	0.5
Taxes and licenses	0.00	0.0	219.31	0.1
Speaking engagements	0.00	0.0	317.99	0.2
Utilities	0.00	0.0	(155.38)	0.1
Telephone & telegraph	1,916.45	82.2	20,825.78	12.4
Travel and ent. Singlaub	90.08	3.9	7,278.17	4.3
Travel and ent. Board of Dir.	0.00	0.0	4,571.24	2.7
TOTAL DISBURSEMENTS	7,269.75	311.8	214,246.39	127.3
Net revenue/disbursements	$ (4,938.46)	211.8	$ (45,972.31)	27.3

UNITED STATES COUNCIL
FOR WORLD FREEDOM

NICARAGUA SPECIAL FUND
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
Contribution - Nicaragua	$ 515.00	100.0	$ 208,795.18	100.0
TOTAL REVENUE	$ 515.00	100.0	$ 208,795.18	100.0
DISBURSEMENTS				
Fund raising	0.00	0.0	11,774.23	5.6
Advertising	0.00	0.0	1,894.93	0.9
Contract services	0.00	0.0	13,500.00	6.5
Delivery/shipping fed. exp.	0.00	0.0	387.35	0.2
Equipment repair	0.00	0.0	10,000.00	4.8
Office expense	0.00	0.0	40.00	0.0
Medical supplies	0.00	0.0	295.00	0.1
Educational supplies	0.00	0.0	429.00	0.2
Travel	0.00	0.0	10,630.56	5.1
Fuel & gas	0.00	0.0	3,676.91	1.8
Food & personal supplies	0.00	0.0	10,421.96	5.0
Transporation equipment	419.71	81.5	187,391.63	89.7
Repair & maintence	0.00	0.0	4,281.91	2.1
Taxes and licenses	0.00	0.0	15.00	0.0
Telephone & telegraph	0.00	0.0	1,070.70	0.5
Travel and ent. Singlaub	0.00	0.0	3,364.81	1.6
TOTAL DISBURSEMENTS	419.71	81.5	259,173.99	124.1
Net revenue/disbursements	$ 95.29	18.5	$ (50,378.81)	24.1

UNITED STATES COUNCIL
FOR WORLD FREEDOM

AFGHANISTAN SPECIAL FUND
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
Contribution - Afghanistan	$ 2.00	100.0	$ 2,677.04	100.0
TOTAL REVENUE	$ 2.00	100.0	$ 2,677.04	100.0
DISBURSEMENTS				
Advertising	0.00	0.0	1,454.52	54.3
Contract services	0.00	0.0	6,560.00	245.0
Miscellaneous	0.00	0.0	200.00	7.5
Educational supplies	0.00	0.0	191.70	7.2
Travel	0.00	0.0	218.00	8.1
Fuel & gas	0.00	0.0	1,063.87	39.7
Educational needs	0.00	0.0	100.00	3.7
Telephone & telegraph	0.00	0.0	13.97	0.5
TOTAL DISBURSEMENTS	0.00	0.0	9,802.06	366.2
Net revenue/disbursements	$ 2.00	100.0	$ (7,125.02)	266.2

UNITED STATES COUNCIL
FOR WORLD FREEDOM

GENERAL FREEDOM FUND
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
Contributions - General	$ 0.00	0.0	$ 1,060.00	100.1
TOTAL REVENUE	$ 0.00	0.0	$ 1,060.00	100.1
DISBURSEMENTS				
Fund raising	0.00	0.0	982.00	92.7
Miscellaneous	0.00	0.0	209.00	19.7
Educational supplies	0.00	0.0	38,776.31	%3661
Travel	0.00	0.0	4,755.84	449.1
Printing & paper fund raising	0.00	0.0	151.29	14.3
Committee of Iran	0.00	0.0	4,000.00	377.7
Speaking engagements	0.00	0.0	990.00	93.5
Telephone & telegraph	0.00	0.0	46.35	4.3
Travel and ent. Singlaub	0.00	0.0	1,442.18	136.2
TOTAL DISBURSEMENTS	0.00	0.0	51,351.97	%4849
Net revenue/disbursements	$ 0.00	0.0	$ (50,291.97)	%4749

UNITED STATES COUNCIL
FOR WORLD FREEDOM

CAPTIVE NATIONS PARK
YEAR ENDED DECEMBER 31, 1986

	CURRENT PERIOD	% OF BASE	YEAR-TO-DATE	% OF BASE
Revenue				
TOTAL REVENUE	$ 0.00	0.0	$ 0.00	0.0
DISBURSEMENTS				
Architectural Fees	$ 0.00	0.0	$ 1,500.00	%7500
Travel	0.00	0.0	338.12	%1690
Telephone & telegraph	0.00	0.0	340.68	%1703
TOTAL DISBURSEMENTS	0.00	0.0	2,178.80	%1089
Net revenue/disbursements	$ 0.00	0.0	$ (2,178.80)	%1089

Exhibit ECG-1

April 15, 1986

National Endowment for the Preservation of Liberty
Attention: Carl Russell Channel
305 Fourth Street, N.E.
Washington, D.C. 20002

Dear Mr. Channel:

Today I have wired $470,000 to your Account No. 02007576 at Palmer National Bank, Washington, D.C. and directed the transfer of the following shares of stock to your Account No. C-18-23627 at E. F. Hutton in Washington, D.C.

1,000 shares	Deere & Co.
2,450 shares	Pennzoil Co.
2,496 shares	Sun, Inc.
5,000 shares	Royal Dutch Petroleum Co.
8,850 shares	Exxon Corp.

Kindly acknowledge receipt of this gift to the National Endowment for the Preservation of Liberty on the copy of this letter enclosed and mail to the confidential attention of:

Duncan E. Osborn, Esq.
P. O. Box 98
Austin, Texas 78767

Sincerely,

Ellen C. Garwood

Ellen C. Garwood

rb0415b2

Garwood 4/25

EXHIBIT
ECG-1

000047

0000[illegible]62
ECG1

EXHIBIT ECG-2

GDH&M JUN 4 1986

NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

305 FOURTH ST., N.E.
SUITE 1000
WASHINGTON, D.C. 20002

June 2, 1986

Duncan E. Osborn, Esq.
PO Box 98
Austin, Texas 78767

Dear Mr. Osborn:

This is to acknowledge receipt of $470,000 which was wired to our Account No. 02007576 at Palmer National Bank, Washington, DC. We also would like to acknowledge receipt of the following shares into our Account No. C-1823627 at E.F. Hutton in Washington, DC:

NUMBER OF SHARES	DATE RECEIVED	CLOSING NYSE PRICE	TOTAL VALUE AS OF DATE RECEIVED
1,000	April 15	$32.50	$32,500
2,450	April 15	$52.50	$128,625
2,496	April 15	$48.50	$121,056
5,000	April 15	$75.375	$376,875
8,850	April 15	$57.00	$504,450

The total of both cash and stocks is $1,633,506.

Thank you.

Sincerely,

Michael Iacobellis

Michael Iacobellis
Assistant to the Executive
Director

0000863
ECG2

EXHIBIT ECG-3

May 19, 1986

National Endowment for the Preservation of Liberty
Attention: Carl Russell Channel
305 Fourth Street, N.E.
Washington, D.C. 20002

Dear Mr. Channel:

Today I have wired $350,000 to your Account No. 02007576 at Palmer National Bank, Washington, D.C.

Kindly acknowledge receipt of this gift to the National Endowment for the Preservation of Liberty on the copy of this letter enclosed and mail to the confidential attention of:

Duncan E. Osborn, Esq.
P. O. Box 98
Austin, Texas 78767

Sincerely,

Ellen C. Garwood

Ellen C. Garwood

rb0519d1

[redacted]

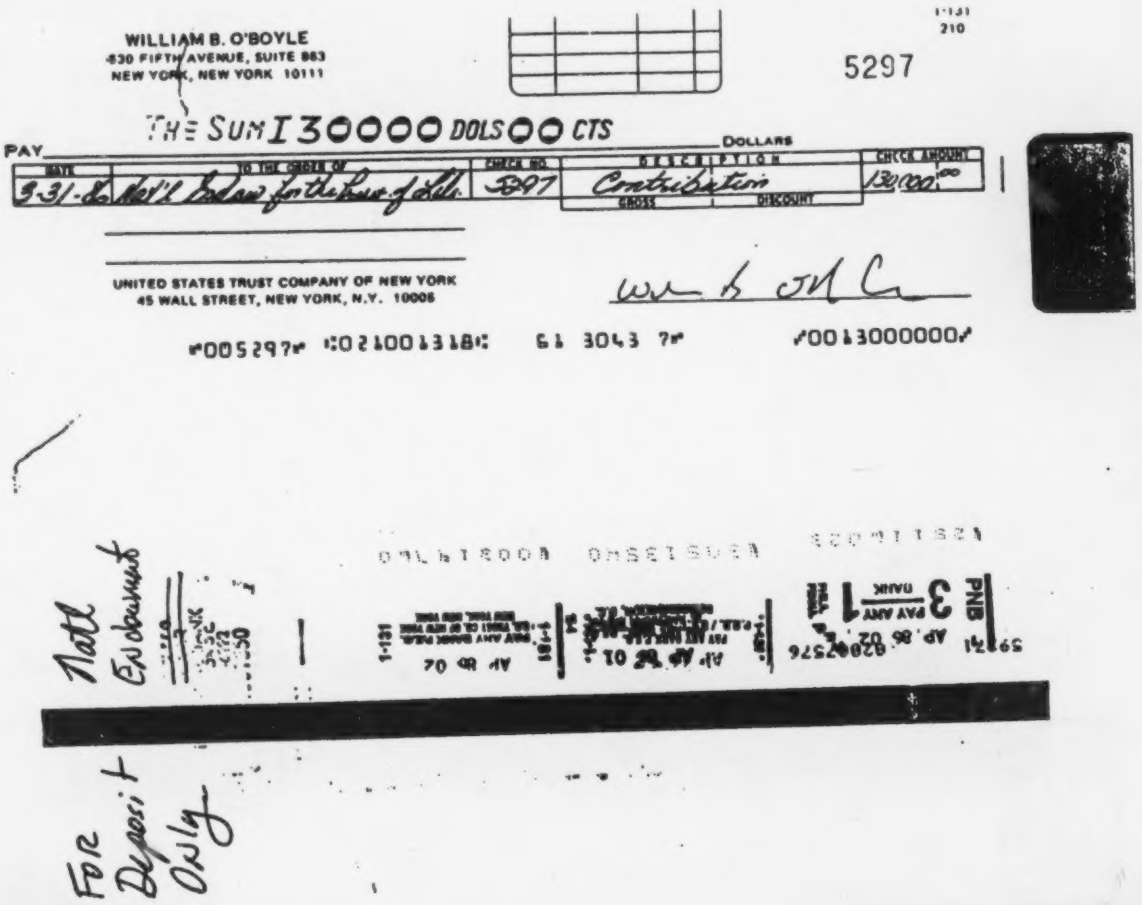
000058

Garwood Q2G

0000[illegible]64
ECG 3

EXHIBIT WBO-1

0 8 00007



WILLIAM B. O'BOYLE
630 FIFTH AVENUE, SUITE 983
NEW YORK, NEW YORK 10111

1-131
210

5297

PAY THE SUM I 30000 DOLS 00 CTS DOLLARS

DATE	TO THE ORDER OF	CHECK NO.	DESCRIPTION	CHECK AMOUNT
3-31-86	Nat'l Endow for the Pres. of Lib.	5297	Contribution	130,000.00

GROSS DISCOUNT

UNITED STATES TRUST COMPANY OF NEW YORK
45 WALL STREET, NEW YORK, N.Y. 10005

Wm B O'Boyle

⑈005297⑈ ⑆021001318⑆ 61 3043 7⑈ ⑇0013000000⑇

[redacted]

Natl Endowment

FOR Deposit Only

PNB 3 PAY ANY BANK 1

AP 86 02

AP 86 01

AP 86 04

1-131

EXHIBIT JC-1

August 20, 1985

Mr. William W. Grant
President
Colorado National Bank
P. O. Box 5168, T.A.
Denver, CO 80217

Dear Peter:

Confirming our telephone conversation this morning, please transfer $65,000 out of Joseph and Holly Coors' personal account at Colorado National Bank to the following:

Lake Resources Inc.
Acct# 386 430-22-1
Credit Suisse Bank
Eaux Vives Branch
Geneva, Switzerland
Attn. Mr. Jacob Steger
TELEX 22805
ANSBK CSGI CH

I appreciate your handling this for me in an expeditious fashion. Thanks a million.

Sincerely,

Joseph Coors

JC/ts

EXHIBIT
JC-1

EXHIBIT JC-2

Lake Resources Inc.
Acct# 386 430-22-1
Credit Suisse Bank
Eaux Vives Branch
Geneva, Switzerland
Attn. Mr. Jacob Steger
TELEX 22805
ANSBK CSGI CH

~~AAC-195-31075~~

JC22

0000[illegible] 67
JC2

EXHIBIT RCD-1

weather 5-8 June

-- Presented mission requirements, maps and radar directions nite of 5 June, crew and A/C completely ready to go nite of 7 June. I personally reviewed flt plan and load. Excellent attitude and preparation by all.
The mission ~~will~~ proposed to launch from Cinci 2300L, overfly West, drop 0300L, RTB (West) 0500L with 0+40 fuel reserve load is at atch 1 (a second identical load already rigged and ready. 109 parachutes plus rigging gear were purchased locally for $80 ea. ($8720) We will need ~~at least~~ approx 10 more chutes to complete the 38K lb delivery ie we have enough for three drops.

---Wx and coordination problems with Joe caused 24hr slip. Also steel did not have anyone at West

--- 9 June West manned, RW checked OK, security OK launched A/C in AM. On arrival A/C became stuck in mud on R/W. Holding off informing Joe. Crew plus Bobby and Randy will hand off load. Rains heavy 30 min at 1500 and 0300 otherwise clear.

--- 10 June continue off load will try to dig out ASAP.

-- Discussed reorganization with Cooper, Ramon and Max.. Max is only problem. He did not get ~~full~~ understanding of concept and presented incorrect picture to Steele and [redacted].. possibly others. I was informed that Max (now a Lt Col in the SAF) has been made the deputy to Steele, by Steele, for this project. He has Steeles 43, as Mil Gp car and State Dep mobile radio. He now wants a $10K "emergency fund that he will control. He also wants partial control of our fuel fund ($50K). He has isolated all of our people from Steele and

[redacted]

EXHIBIT
RCD-1

00446

RCD 1

the Gen. and wants it clear that he will be the only liaison between our people and the Embassy or the Gen. under any reorganization, ~~and~~ that he would not take direction from our project manager and that he would work on with the Gen ~~on~~ the approval/disapproval of our missions. Consideration should be given to his future benefit to Project Hope [redacted].

- Further to the reorganization, attached is diagram of proposed organization ~~with~~. I will discuss the permanent hiring of Joseph as our Maint Supervisor (what pay?). We need to go full court press on the Manager ~~and~~, pilot and maintenance openings.

- Overall, the organization is better understood, the crews are working more professionally, money is better controlled. we could now use some successful operations.

Bob

EXHIBIT RCD-2

1435 HRS. Local [redacted] [redacted]. 06-16-86.

1. [redacted] received MSJ. from the farm. They are very happy awaiting Caribu. Can we send them tomorrow?

2. Drops will take place at [redacted] and [redacted]

3. We have run out of funds. Pls send ASAP, Ramon again using money of his own. Also construction not started for same reason.

4. I will leave tomorrow morning for [redacted] but will be back late afternoon same day.

FIN

162030Z Jun 86 for Rafael via Max. Understand FDN wants to start flying mun. into Chontales and Zelaya Central starting tomorrow. I have no problem with that if you don't. C-7 should be ready. Rules remain as I gave them to you before... They must provide necessary EEI on DZ and routes, we will no drop any people. The A/C cmdr has final go vote for us. Be sure Max has O.K. from our host. Suggest transfer fuzz busters to C-7 for this event. Did they do you any good on last mission? Call on the machine if you have any questions. Bob B.T.

>

Bob to Max 170030 Jun 86 Need to determine capability to fly support mission to same troops as Sat nite with C-7 using West as refueling stop. Want mission tomorrow nite. Advise how much load can be carried. Goode says situation desperate. Ralph is coordinating wi FDN people. This mission will take priority since we will [illegible] until we get at least one drop into them. What problem Sat nite was that ground troops had misidentified their position. Work the details and advise ASAP Bob

0000L Max to Bob 1. C-7 will try miss tomorrow night 2. load 5000# 3 advise location of DZ if changed & light pattern used to mark DZ for mission on info provided on lad 5 Besides CH 2 and Ch 4 advise uno troops to monitor - MHZ for both comms. we suggest C-7 call is Rico : Uno troops call sign Pedro 6 advise direction uno heard C-123 N or So. 7 TOT : # 6 8 Pls answer tonight but no later than 0800L DC time tomorrow.

Bob to Max then Ralph .. Goode advise for unable to determine exact location of troops. Therefore, tomorrow fly in support of northern operation forces. We will fly the southern miss when we get the no 1 C-7 operating or use No 2 later in the week. Bob

Note from Goode: Can Bill help them fix DC-4 or 6? Can we get PSP or something to plantation so can use R/W? What is being done to fix R/W now? Do we need to buy another A/C to cover Southern ops? What kind?

From Ka .. Need Omega units at Cinci. Need to get 2 more long range loran. HIMP

EXHIBIT RCD-3

~~SECRET~~ UNCLASSIFIED 6319

Partially Declassified/Released on 27 May 87
under provisions of E.O. 12356
by B. Reger, National Security Council

Bob: 6/18/86 1720

182115Z Jun 86. C-7 set to fly mission across fence tonight. Max will monitor flight on 4060 MHZ from his room. If he can get details (i.e., MSN time and drop coords via secure means), he will pass to me on machine. Max hopes to have info on medicine from [redacted] later today. He thinks they might donate. I have more details if you need. [redacted] people starting sheemetal work on C-123 today. I have bill working jet eng plus looking for another toad. Bob. BT

(1000)

Sent off a cable to Wash
Need flight ASAP
[redacted] is not avail
Situation is desperate
Ralph Re lawsuit
Working up DZ and hostile presence
[redacted] has data on Mountain Leprosy
Leishmaniasis

Partially Declassified/Released on 18 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

~~SECRET~~ UNCLASSIFIED

Treatment: Glucantime
- Ampules of 5cc
- 1500 ~~[illegible]~~ doses.
- IM injection

EXHIBIT RCD-3

EXHIBIT RCD-4

From Steele, retransmitted to Earl 18 Aug 0900

(SECRET)
:
I AM VERY CONCERNED ABOUT THE MISSION
SCHEDULED FOR TOMARROW. A DROP IN THE
SOUTH AT MIDDAY INCREASES THE
POSSIBILITY OF BEING SHOT DOWN BY SAM7
OR INTERCEPTED BY T33. TO MAKE THINGS
WORSE I BELIEVE THIS OPERATION HAS BEEN
DISCUSSED OVER THE TELEPHONE. RECOMMEND
IT BE RESCHEDULED AS A NIGHT MISSION. I
HAVE BEEN APPROACHED BY MEMBERS OF THE
ORGANIZATION AND BY   OVER HIRING
AND FIRING PRACTICES PRESENTLY
ONGOING.WHILE I WILL NOT TRY TO
MICROMANAGE YOUR ORGANIZATION.I WILL
MAKE YOU AWARE OF THE PROBLEM. TWO
HIGHLY RESPECTED MEMBERS OF THE TEAM
HAVE BEEN FIRED BY COOPER RECENTLY.
ROONEY AND HUGHES. THIS IS CAUSING
PROBLEMS WITH   AND OTHER MEMBERS
OF THE ORGANIZATION. RECOMMEND
CONSIDERATION BE GIVEN TO RETAINING
THESE TWO INDIVIDUALS.END TEXT. FRM
MAC.. I TALKED TO COOPER LAST NIGHT. THE
MISSION IS CNX. FOR TODAY. WE WILL LOOK
AT A NIGHT MISSION AFTER I GET MORE
DETAILS. APPEARS JOE. THROUGH RALPH. IS
REQUESTING THE DROP. I WILL TALK TO
RALPH AND GET INFO ON JOES POSITION AND
DETIALS OF DROP. REF. PERSONNEL
CONCERNS..I HAVE DISCUSSED WITH STEELE
AND WILL WORK WITH COOPER TO GET THINGS
CALMED DOWN. IT MAY BE TIME TO GET
COOPER UP HERE AND FILL HIM IN ON THE
DETAILS OF A DRAW DOWN SO WE ARE ALL
WORKING OFF THE SAME MUSIC. HE IS STILL
LOOKING AT THIS AS A LONG TERM PROJECT.
DISCUSS WI GOODE AND ADVISE. BOB BT.
THC

EXHIBIT RCD-5

To Goode 22/1705Z

(SECRET)

:

FYI. MEETING WITH RAPHAEL HAS DISCLOSED A MAJOR DEFICIENCY IN THE OVERALL COORDINATION OF DROPS TO THE SOUTH. 1. TRANSMISSION OF REQUIREMENTS. COORDINATES ETC. PASSES THROUGH THREE STATIONS BEFORE REACHING US. THIS HAS CAUSED US TO ASK FOR CONFIRMATION OF TIMES OVER DZ ETC. NUMBERS HAVE BEEN CHANGED IN RETRANSMISSION. THIS WAS CONFIRMED BY RAPHAEL WITH HIS COPIES OF THE DISPATCHES. 2. WE HAVE TENTATIVELY RESOLVED THE PROBLEM BY HAVING JOE PASS THE REQUIREMENT TO FDN HQS AND THEN TO US. 3. WE STRONGLY SUGGEST THAT WE HANDLE THE REQUIREMENT IN THE FOLLOWING MANNER. 4. OUR ARRIVAL OVER THE DZ-THE INITIAL DROP-SHOULD BE JUST AT DUSK-DARKNESS OCCURS ABOUT 5-THIS ALLOWS A GOOD VISUAL SIGHTING OF DZ. IF THE DROP ZONE IS SECURE-SUBSEQUENT DROPS WOULD BE MADE SPORADICALLY WITHOUT FANFARE. I.E. NO COMMUNICATION BETWEEN A/C AND GROUND. DURING THE TIME IN THE AREA. THIS METHOD PROVED SATISFACTORY WITH THE PREVIOUS BOO DROPS. JOE INDICATES HIS PEOPLE AGREE-THROUGH RAPHAEL-PREVIOUS DROPS HAVE IN THIS MANNER RESULTED ONLY IN THE LOSS OF ONE BUNDLE. THIS RANDOM METHOD WOULD CONTINUE AS LONG AS THE DZ IS SECURE OR THEY HAVE MOVED TO ANOTHER LOCATION. 5. AFTERNOON ARRIVAL ALLOWS LOW LEVEL FLYING FOR . 5 AND ENTRY INTO DZ AREA WOULD RESULT IN MINIMUM REACTION TIME IF ANY. 6. RAPHAEL GENERALLY AGREES WITH PROCEDURE. BT. FROM MAC.. I WILL GO BACK TO COOP AND REQ. DZ COORDS. AGAIN. UNLESS I KNOW WHERE THEY ARE WORKING I CANT MAKE A VERY GOOD JUDGEMENT AS TO THE PROPOSED PROCEDURE. I WILL ALSO GET STEELE TO EVALUATE THIS PROPOSAL. BOB BT.

EXHIBIT
RCD-5

EXHIBIT RCD-6

To Goode

090330ZSEP86 1.ARRIVED AT COORDINATES EARLY 1710L WITH ALL MAGIC ON A/C WORKING. BEGAN EXPANDING CIRCULAR SEARCH PATTERN IN AREA FOR APPROX 30 MIN. NO SIGHTINGS OR RADIO CONTACT. SEARCHED FROM A/C WITH BINOCULARS BUT NOTHING. ATTEMPTED TO GO TO ALTERNATE DZ.. ..BUT SEVERE WX. PREVENTED US. RETURNED TO PRIMARY DZ AND CONTINUED TO SEARCH UNTIL 1300L. WX WAS GETTING WORSE BY THE MINUTE AND ABSOLUTELY NO INDICATION OF ANYBODY ON THE GROUND. THEREFORE RET. .... WITH LOAD. 2.WE HAVE BOTH A/C READY AND ARE WILLING TO BRING BOTH OF THEM DOWN TOMORROW IF WX PERMITS AND WE CAN GET A BETTER IDEA OF WHERE TROOPS ARE. WILL WORK WITH STEELE TO GET WX REPORTS. ANY HELP FORM YOU WOULD BE APPRECIATED BOTH FOR WX AND FOR LOCATING TROOPS. WE GOT SOME MEDICINE FROM FARM TODAY AND WILL BRING IT IF DESIRED. 3.UNDERSTAND SANDANISTAS SHOT DOWN ONE OF THEIR OWN A/C YESTERDAY..C-47. IT HAPPENED UP IN AREA WHERE OUR C-7S HAVE BEEN WORKING. 4.SORRY FOR NO GOODS TONIGHT BUT WOULD HAVE BEEN COMPLETE WASTE TO THROW IT OUT WITH ABSOLUTELY NO CONTACT. PLS ADVISE HOW YOU WANT TO GO FROM HERE. BOB BT.

EXHIBIT
RCD-6

EXHIBIT RCD-7

To [illegible]

111300ZSEP86 1.MSN DEPARTS 1215L. EVERYTHING READY. 2.AM SENDING RAMON TO FARM WITH LOPEZ AND RIGGER TO TALK WITH [redacted] OR GOMEZ AND MAKE OFFER HE CAN.T REFUSE. IF THEY PROVIDE RIGGING MATERIAL AND A COMMANDANTE. WE WILL SEND 2/C-123 AROUND TO SOUTH AND RESUPPLY HIS NORTHERN TROOPS WITH SOME OF OUR WAREHOUSE GOODS THAT WE CAN.T USE DOWN SOUTH. MSN HAS ALREADY BEEN PLANNED OUT AND WE CAN DO WITH 2/HR RESERVE. BAD GUYS HAVE BEEN PUTTING GUNS ALONG ROAD ACROSS PATH OUR C-7S AND THEIR DC-6 HAVE BEEN USING. WILL TRY TO GET TROOPS TO USE WHAT WE DELIVER TO TAKE OUT SOME OF THE GUNS AND OPEN SOME HOLES FOR US. 3.IF SOMEONE COULD CONTACT CUPP I NEED MAPS.. [redacted] [redacted] AND [redacted]..3350 1.3351 1.3350 3.3254 1 AND 3354 [redacted] WE WILL NEED THESE TO WORK THE 2 NEW DZS IN THE SOUTH. ALSO CUPP SHOULD BE PREPARED TO GET US MORE PARACHUTES AND RIGGING GEAR ASAP. I WILL CALL HIM WITH EXACT REQUIREMENTS LATER. 4. WILL CALL YOU AT HOME TONIGHT WITH MSN RESULTS. A/C SHOULD RECOVER APPROX. 1830L. RGDS. BOB BT.

EXHIBIT RCD-8

2 [illegible]

111700ZSEP86 1.TWO STEPS FORWARD--ONE STEP BACK. FINISHED FINAL CREW BRIEF THIS AM ARRIVED AIRPORT TO BE ADVISED THAT [redacted] REFUSED TO LET US TAKE 2 A/C ON MISSION. I WENT TO HIS OFFICE TO EXPLAIN TO HIM AND MAX THAT THE TWO A/C CONCEPT WAS TO INCREASE OUR EFFECTIVENESS AND TO PROVIDE MUTUAL SUPPORT AND PROTECTION. REDUNDANT NAV GEAR AND RADIOS WOULD BE GREAT HELP PLUS IF WE SHOULD HAVE TO PUT AN A/C ON THE PLANTATION IN DIRE EMERGENCY. OTHER A/C COULD AT LEAST BRING THE PEOPLE OUT. HE FEARS THAT IF 2 A/C IN AREA HINDS COULD SHOOT DOWN 2 VICE ONLY ONE. ADDITIONALLY CONCERNED THAT POSSIBLY WE WERE MERELY TRYING TO IMPRESS SOMEONE. MAX SAID THAT IN THIS CASE HE HAD TO AGREE WITH THE GEN...SURPRISE..I ASSURED HIM THAT A/C WOULD NOT APPEAR TO BE A FORMATION TO ANYONE ON THE BASE EITHER DEPARTING OR RETURNING AND THAT IT WAS THE DESIRE OF MY HIGHLY EXPERIENCED PILOTS TO OPERATE AS A TEAM. I ALSO SAID THAT THE CONCEPT HAD BEEN APPROVED FROM WASH D.C. AND IRONMAN. ALSO TOLD HIM WE WANTED TO EXERCISE THIS CONCEPT FOR AIR OPERATIONS TO SUPPORT THE NORTHERN TROOPS WITH C-123 FROM HERE. FINALLY HE SAID HE WOULD CONSULT WITH HIS PEOPLE AND ADVISE BEFORE T/O TIME. FIVE MIN. AFTER SCHEDULED START TIME I RECEIVED WORD HE WOULD ONLY ALLOW ONE A/C TO GO ON A MISSION AT A TIME. I HAVE NOT BEEN ABLE TO ADVISE IRONAN YET AS HE IS WITH GEN [redacted]. ANY WAY YOU CAN HELP ME GET CONTROL OF HOW WE PROFESSIONALS ARE GOING TO OPERATE WOULD BE GREATLY APPRECIATED. I DONT NEED THE CLASS OF AIRCREW I HAVE TO PLAY YAS SIR/YAS SIR TO [redacted]. ONE A/C IS ON WAY TO DROP NOW. WILL REPORT RESULTS LATER. NEGOTIATIONS FOR SUPPORT FROM FARM PROGRESSING BUT NOT BEING ABLE TO USE THE MUTUAL SUPPORT CONCEPT OF 2-SHIP OPERATIONS WILL DAMAGE OUR ABILITY TO MAKE THE LONG MISSIONS REQUIRED. THANKS, I NEEDED THIS. BOB BT.

EXHIBIT
RCD-8

EXHIBIT RCD-9

(SECRET)

:

SAT 13SEP1330Z-GOODE 1.PLAN OF DAY. WILL SEND 1/C-123 SOUTH WI 10K LB. WILL SKID LOAD 10K LB MUNITION ON OTHER C-123 AND DELIVER TO FARM TODAY FOR THEM TO RIG.TOMORROW 1/C-123 WILL GO SOUTH WI LOAD PRESENTLY IN WAREHOUSE WHILE OTHER C-123 TAKES 10K LB TO FARM. TUES WILL PUT 2/8K LB ON 2/C-123. TAKE TO FARM AND OFFLOAD. WILL THEN LOAD BOTH A/C WITH BUILT-UP LOADS AND FLY 2-SHIP TO NORTHERN TROOPS AND RET TO [redacted]. CAN COMPLETE MSN WI 2/HR RESERVE. WILL START WORKING ON SUPPORT FOR OTHER SOUTHERN FORCES. RALPH CAN HELP GET PARACHUTE SUPPORT FROM FARM. UNFORTUNATELY LOOKS LIKE WE NEED 600 CHUTES TO CLEAR WAREHOUSE. EVERYTHING WE CAN DELIVER TO FARM FOR THEM TO RIG SAVES US. 2.T.S. PLS SEND FAWN..END OF PLAN. FOR BLUEBIRD SAT EVE REPORT-FLEW ALL 5 A/C TODAY. COOPER AND I DELIVERED 10K OF GRENADES TO FARM FOR RIGGING. WILL TAKE 10K OF MORTARS TOMORROW. MET [redacted] TODAY. HE ESPECIALLY HAPPY WI US NOW SINCE HE BELLIED [redacted] DC-3 IN FRI. 60 MI W. OF FARM. HE.S OK. OTHER C-123 DELIVERED 10K ON [redacted]. WX D.S.·BUT GOT LUCKY. HAVE PHOTO PROOF OF LOAD IN CENTER OF DZ. C-7 DELIVERED 15K FROM FARM TO FORWARD BASE TODAY. WILL CONFIRM WI RALPH WHO GETS LOAD TOMORROW. SUN EVE. REPORT. FLEW 2/C-123 TODAY. OTHER A/C OK BUT NO WORK. COOP AND I PUT ANOTHER 10K AT FARM. 17K RIGGED AND READY FOR US TO TAKE OUT OF THERE TO NORTH. NO.2 C-123 DROPPED 10K ON DZ NO.2. [redacted] GROUP. POSITIVE ID OF DZ. PHOTO PROOF. HAVE NOW DELIVERED 55K IN 2 DAYS, TAKING TOMORROW OFF. IS INDEPENDENCE DAY HERE. BASE CLOSED. RALPH COMING TOMORROW WI FUEL MONEY. APPROX 20K NEEDED. WILL ADVISE PLAN FOR WEEK TUES. I RTB APPROX THURS. PS C-123 NOW ARMED WI HK-21/7.62 MACINE GUN ON AFT RAMP, BRING ON MI-24. PPS. SEND FAWN-CAN.T CONTINUE ON MILK AND COOKIES.RGDS BOB.

EXHIBIT
RCD-9

Exhibit RCD-10

Wade

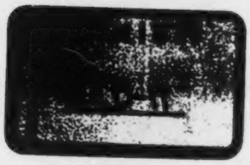
161830ZSEP86 1.SENT C-7 TO FARM TODAY.
WILL DELIVER MUNITIONS TO FORWARD BASE
THEN P/U PARACHUTES AND MEDICINE AND
RETURN HERE. .RALPH SAYS OUR PROBLEM
WITH GETTING THINGS FROM FARM IS THAT
[redacted] DOES NOT want SOUTH TO GET STRONG ON
THEIR OWN. HE WANTS TO BUILD THEM AS
PART OF HIS FORCE WHEN HE GETS THE
MONEY. RALPH WILL WORK THIS. ALSO
RALPH WANTS TO BRING A SOUTHERN
COMMANDANTE HERE TO TALK WITH OUR [redacted]
[redacted] WE WOULD STILL LIKE TO FLY BOTH
C-123 SOUTH AND SUPPLY ALL 3 GROUPS IN
ONE MISSION. WE ARE VERY SURE WE CAN DO
IT IF [redacted] WILL LET US. WOULD BE GREAT
FOR TROOPS SPIRIT. WILL RUN SINGLE
C-123 TO DZ 3 EARLY TOMORROW WITH 10K.
2. STILL PLAN RTB THURS UNLESS YOU WANT
ME HERE LONGER. THINK OUR GUYS HAVE THE
IDEA NOW AND RALPH CAN HELP THEM WITH
LOCAL PROBLEMS. RGDS BOB BT.

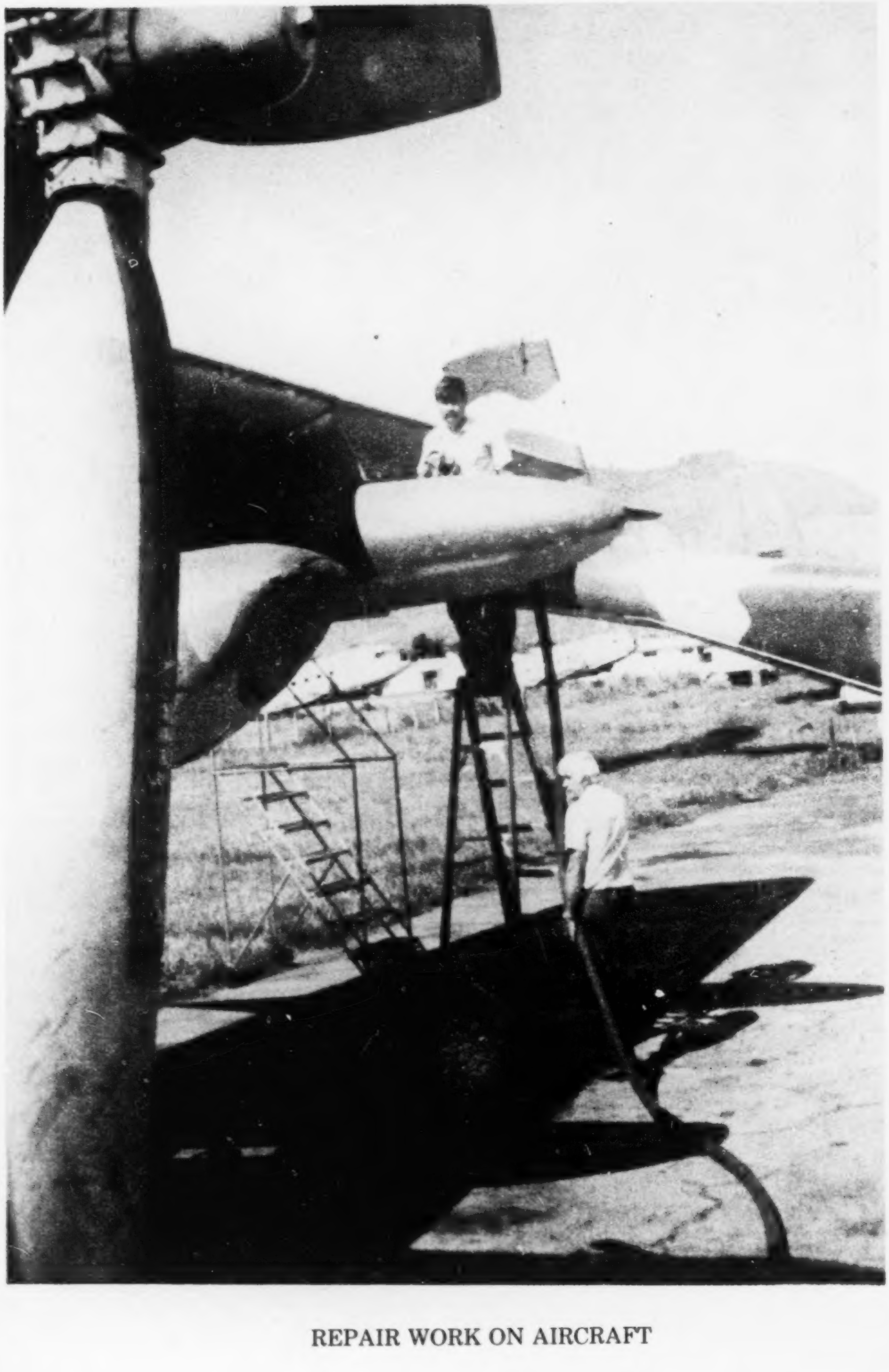
RCD-10

1

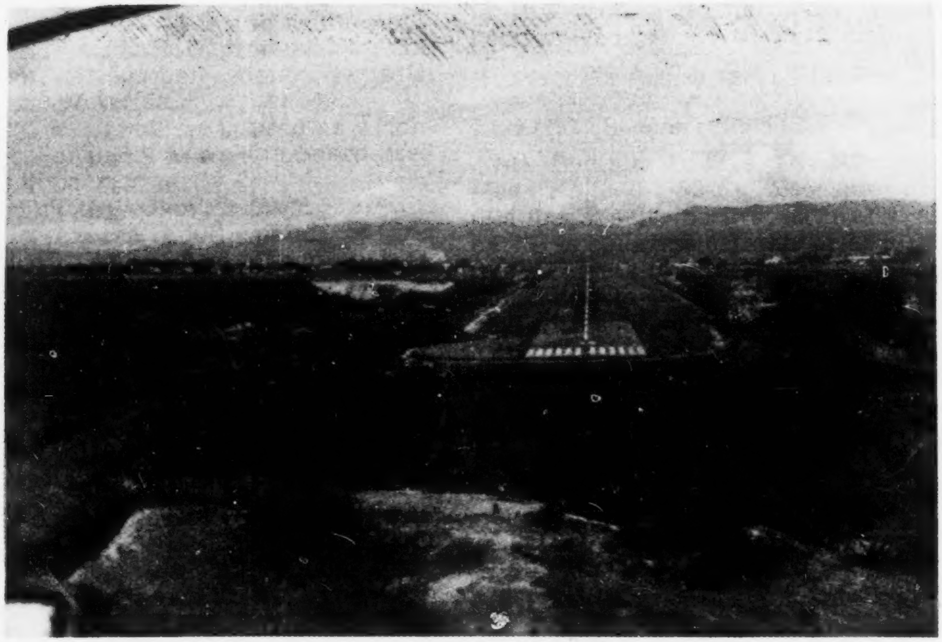
EXHIBIT RCD-11

Exhibit 11: Photograph Album



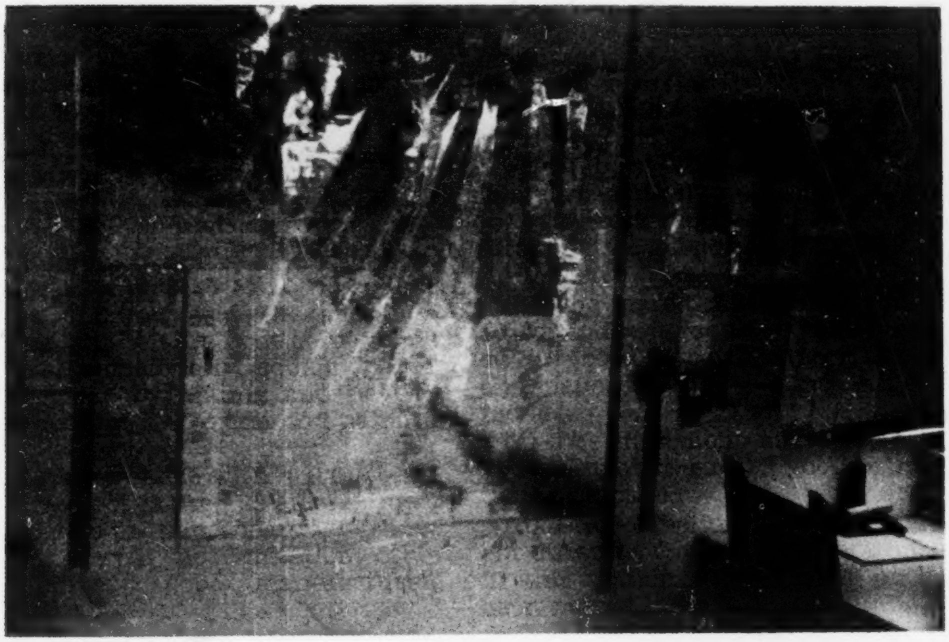


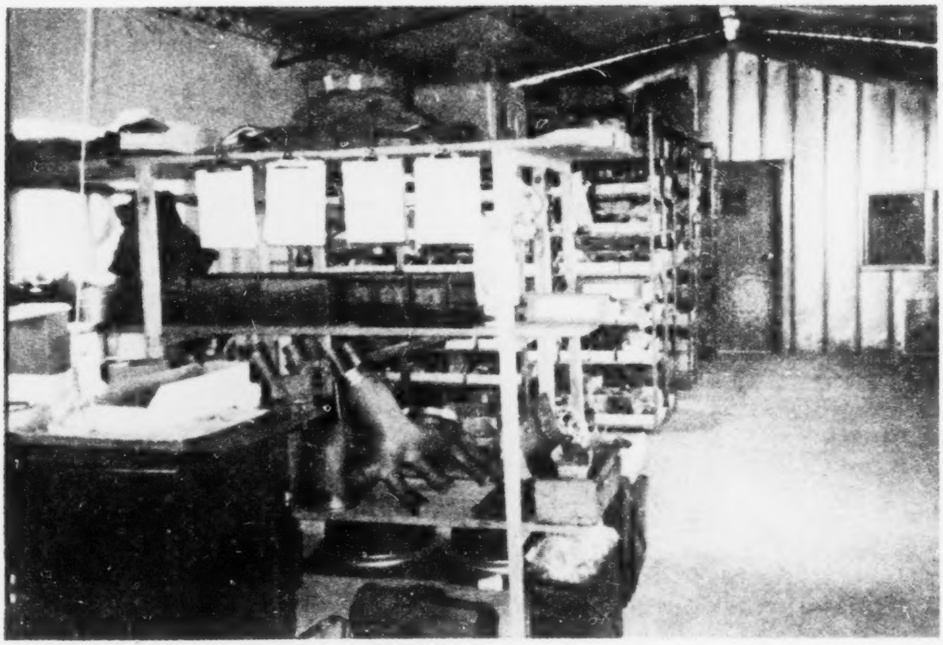
REPAIR WORK ON AIRCRAFT



ABOVE—LANDING STRIP AT MAIN OPERATING BASE FOR RESUPPLY OPERATION

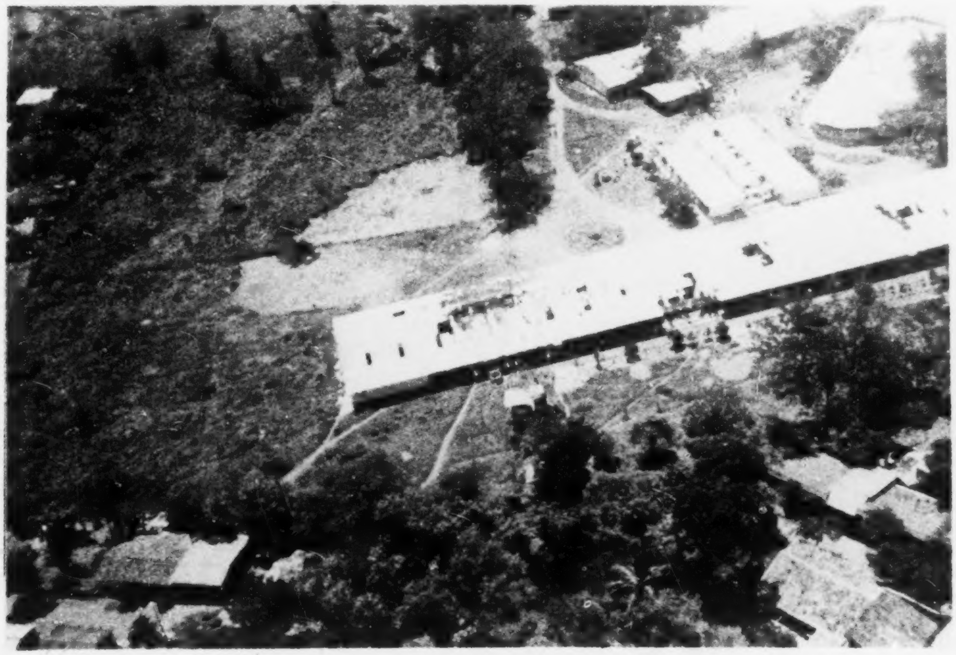
BELOW—INTERIOR OF OFFICE OF RESUPPLY OPERATION AT MAIN OPERATING BASE

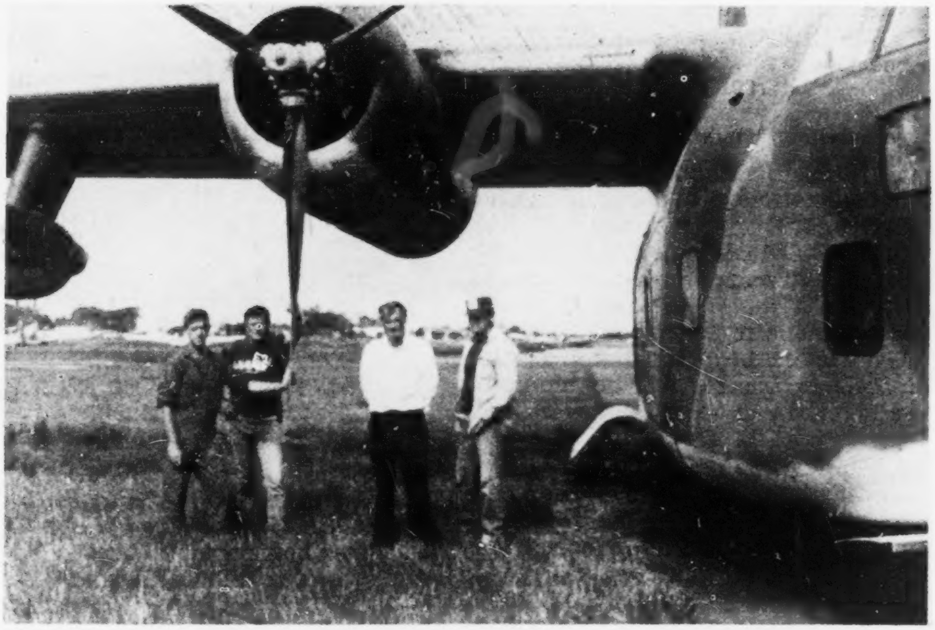




ABOVE—INTERIOR OF RESUPPLY OPERATION'S WAREHOUSE

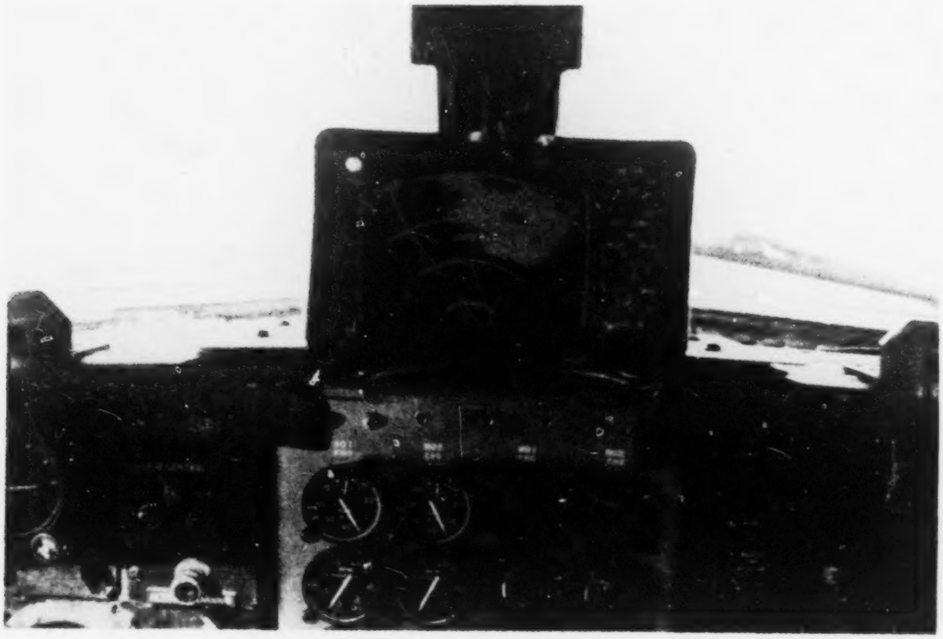
BELOW—AERIAL VIEW OF WAREHOUSE FOR RESUPPLY OPERATION AT THEIR MAIN OPERATING BASE





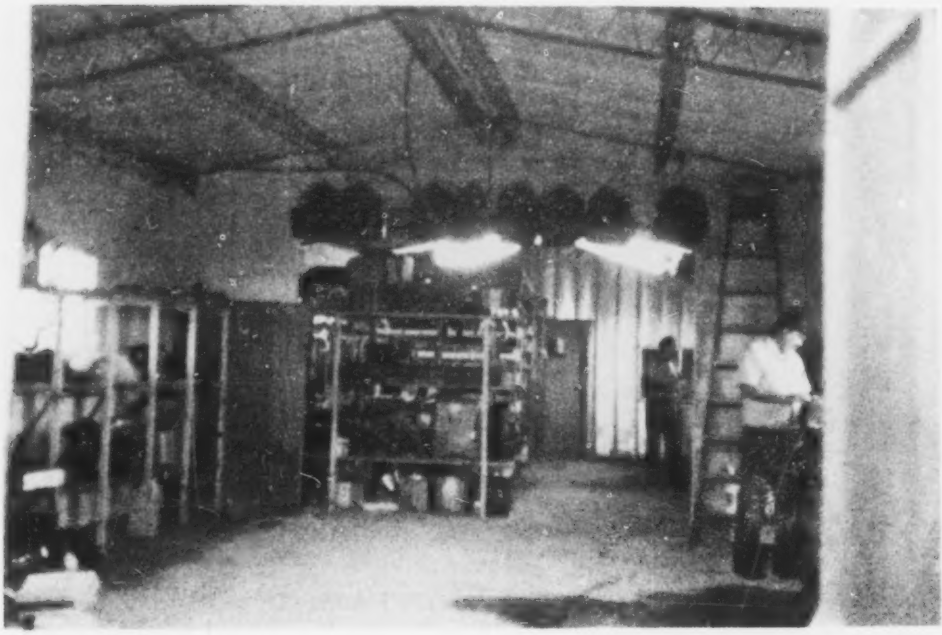
ABOVE—FLIGHT CREW AND AIRCRAFT

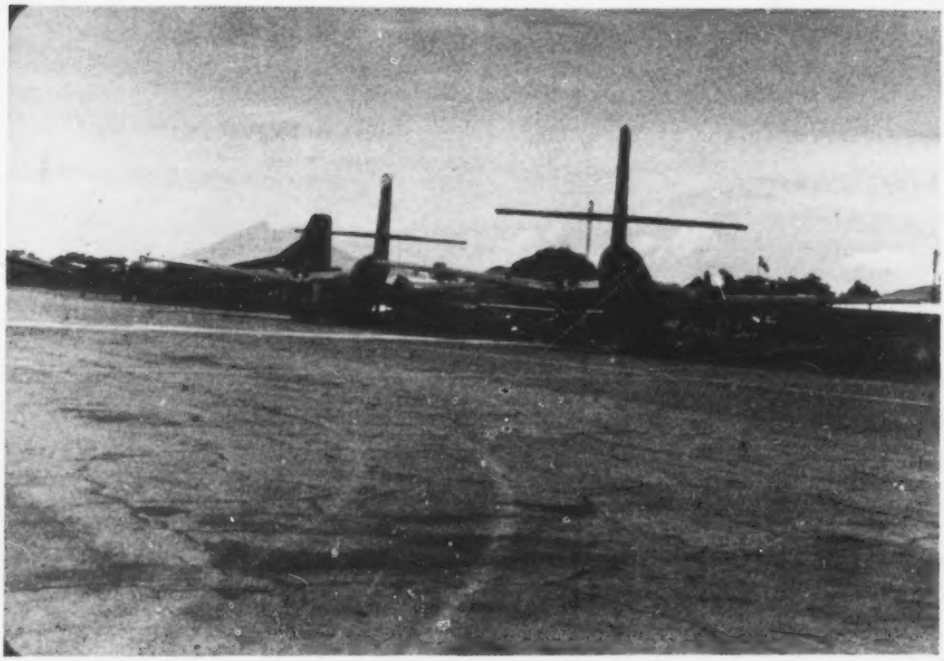
BELOW—RADAR AND CONTROL PANEL IN COCKPIT OF AIRCRAFT



ABOVE—WAREHOUSE FOR RESUPPLY OPERATION AT MAIN OPERATING BASE IN CENTRAL AMERICA

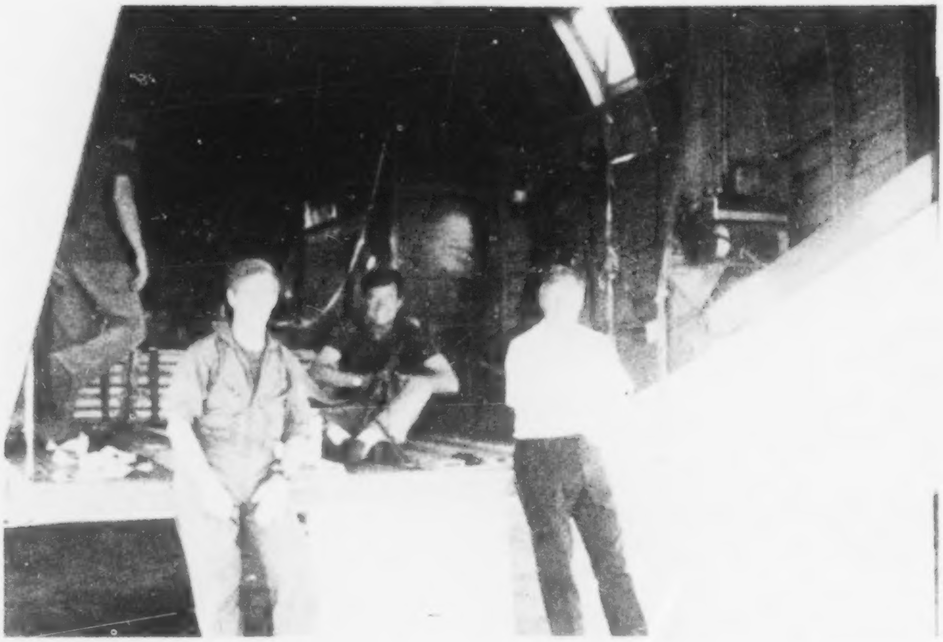
BELOW—INTERIOR OF WAREHOUSE





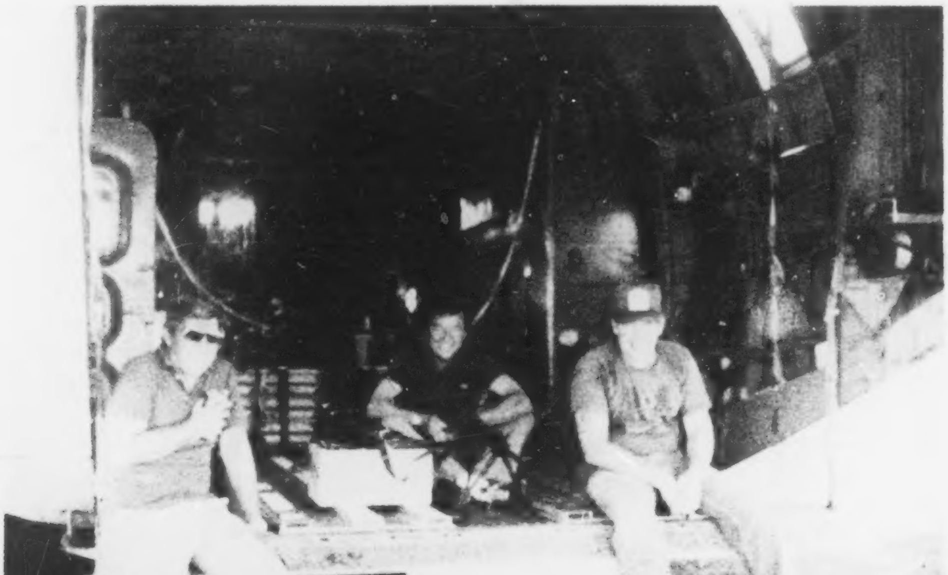
ABOVE—AIRCRAFT OF RESUPPLY OPERATION AT MAIN OPERATING BASE IN CENTRAL AMERICA

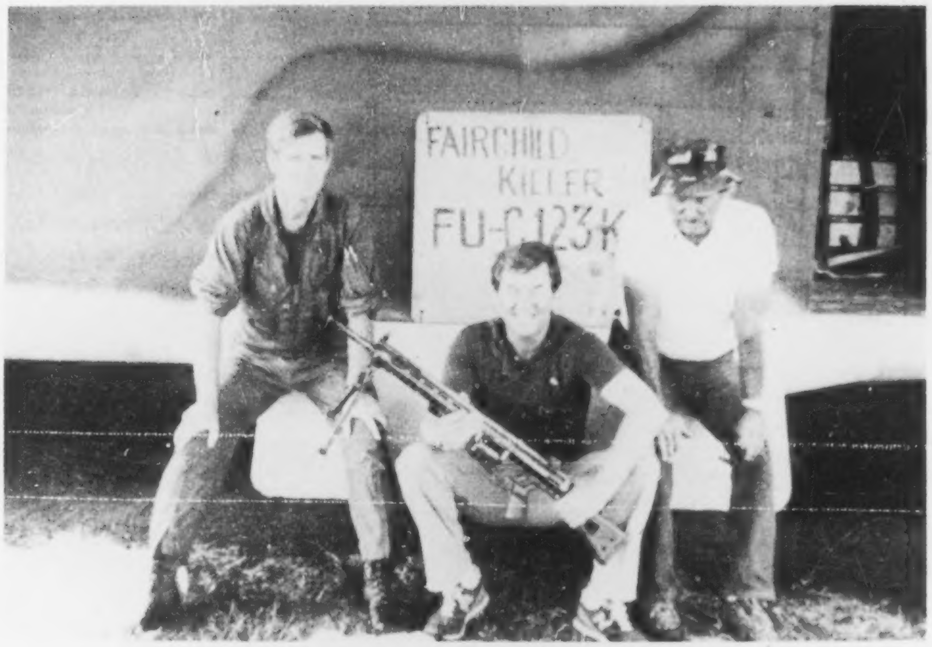
BELOW—DROP ZONE FOR MILITARY AIR DROPS INSIDE NICARAGUA



ABOVE—COL. DUTTON AND FLIGHT CREW ABOARD AIRCRAFT

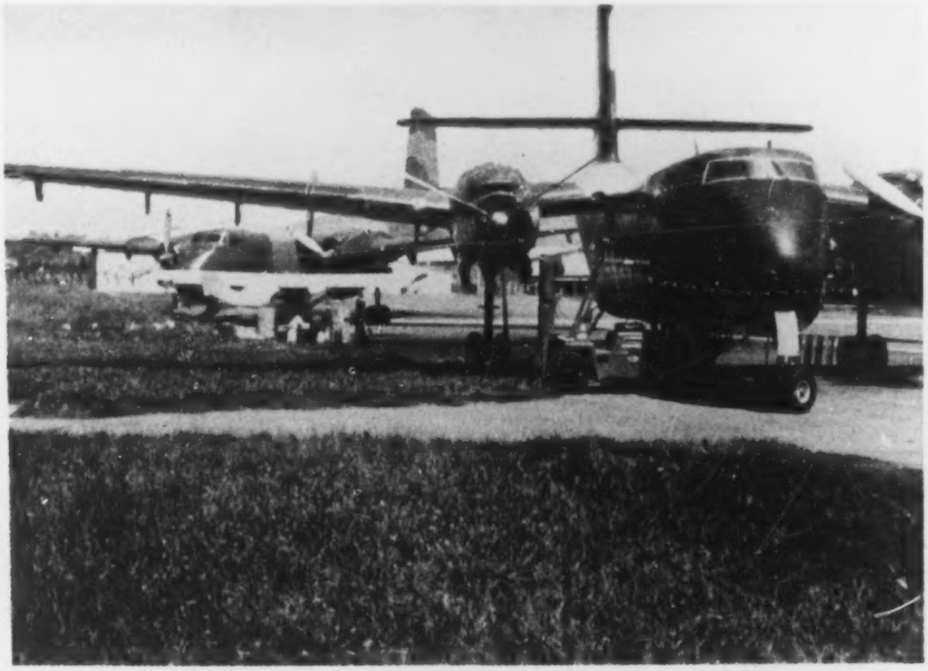
BELOW—COL. DUTTON, HOLDING AUTOMATIC MACHINE GUN, WITH OTHER FLIGHT CREW

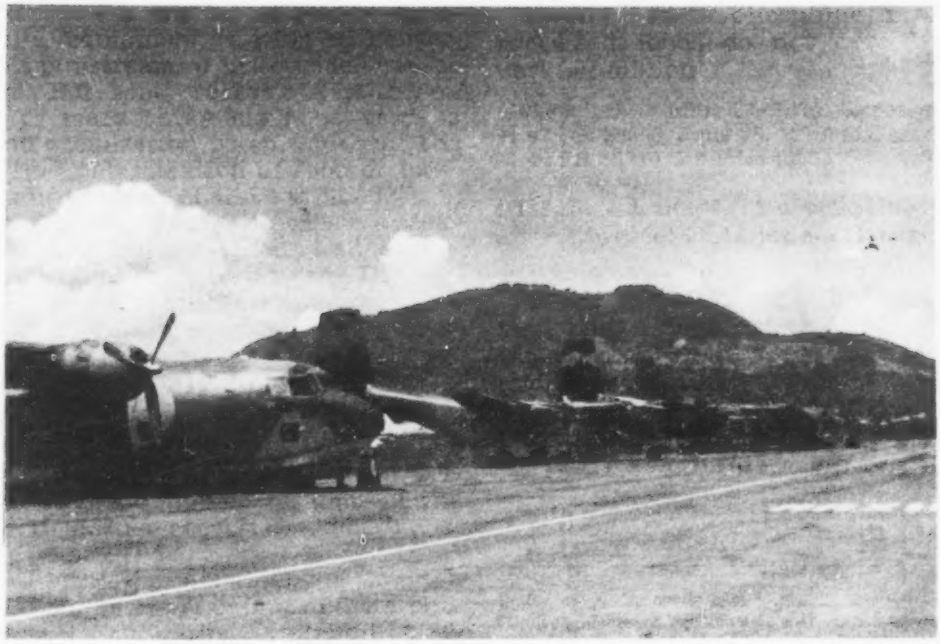



FAIRCHILD
KILLER
FU-C123K

ABOVE—COL. DUTTON, BILL COOPER AND ANOTHER

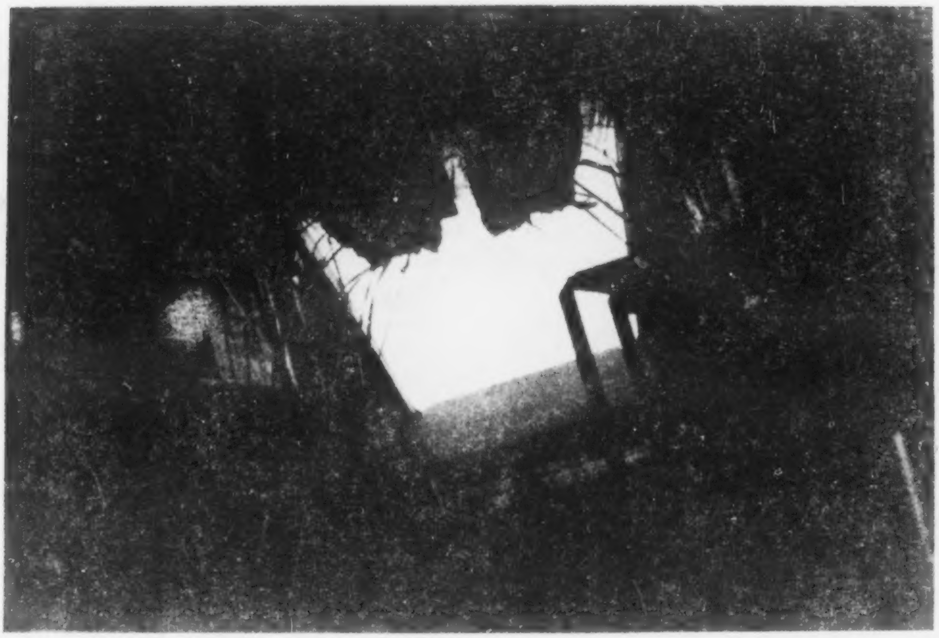
BELOW—AIRCRAFT OF RESUPPLY OPERATION





ABOVE—AIRCRAFT OF RESUPPLY OPERATION

BELOW—COL. DUTTON, POINTING OUT A SITE TO THE FLIGHT CREWS TO DROP LETHAL SUPPLIES INSIDE NICARAGUA



ABOVE—LETHAL SUPPLIES BEING DROPPED OUT OF AIRCRAFT OVER NICARAGUA

EXHIBIT RCD-12

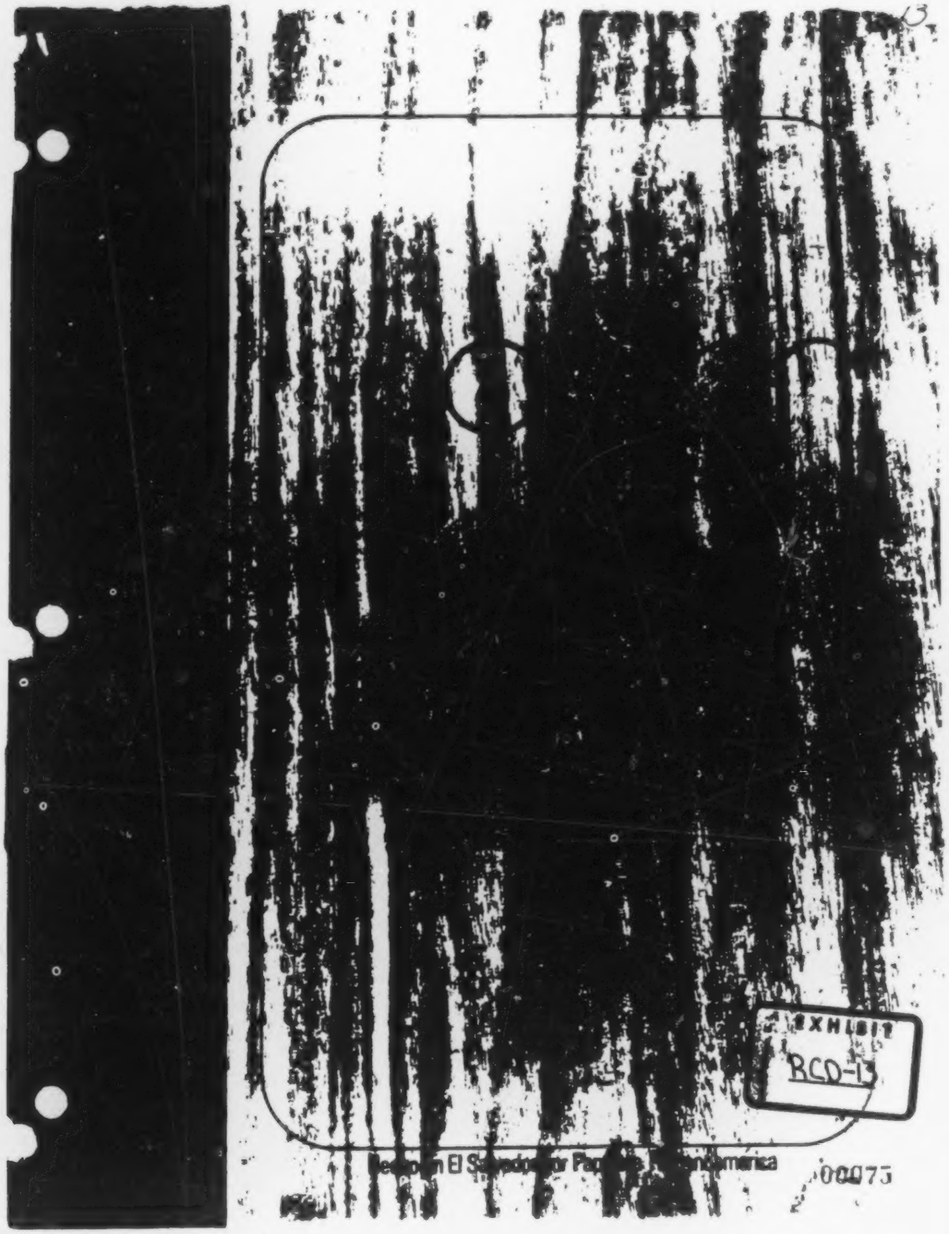
(SECRET)

: To [illegible]office

061930ZOCT86 1.SORRY MAX GOT INTO THIS. WE DONT NEED INFO OR MISINFO FLOWING FROM THE TOP DOWN. WILL TRY TO GET CONTROL OF INFO FLOW. 2.I WILL INFORM DICK AS SOON AS I GET A NUMBER. IF GOODE CHECKS IN FIRST PLS ASK HIM TO PASS WHAT WE HAVE TO DICK. 3. COOPER. SAWYER AND HASENFUS WITH A TALKER ONBOARD DEPARTED ILOPANGO 0950L. FULL FUEL AND 10K LBS AMMO. ROUTE SAME AS USUAL. DOWN COAST.INBOUND AT PLANTATION. DID CHANGE BORDER CROSSING POINT. WERE SUPPORTING NORTHERN TROOPS BUT USING SOUTHERN ROUTE TO REACH DZ AS SANDIES HAD MOVED SOME MOBILE GUNS INTO REIGON WHERE WE NORMALLY RUN FROM THE NORTH. INTENDED DZ ..[redacted] ETR [redacted] WAS 1530L. WE HAVE BEEN IN CONTACT WITH [redacted] TROOPS THEY SAY A/C NEVER ARRIVED DZ. JOE IS ALERTED AND IS CHECKING POSSIBLE LANDING SITES..PLANTATION ETC. 4.MCRAINEY IS IN STATES BUT IS BEING CALLED BACK ASAP. 5. [redacted] IS CONSIDERING FLYING ONE OF HIS A/C OVER SAFE PART OF THE ANTICIPATED ROUTE. NO CROSS THE FENCE. JOE HAS THE SOUTHERN TROOPS LOOKING THROUGHOUT AREA--LOW KEY. 6. THIS TYPE SITUATION PRECISELY WHY I WANTED TO FLY 2-SHIP. WOULD APPRECIATE YOUR SUPPORT ON THIS POINT. VP.S OFFICE SHOULD KNOW OUR FRIEND MAX IS PRIME REASON WE HAVE HAD TO SEND A/C IN SINGLE. HE SHOULD BE TAKEN OUT OF THIS NET. 6. WILL PASS MORE INFO AS WE GET IT. BOB BT.

EXHIBIT
RCD-12

Exhibit RCD-13



13

[redacted]

EXHIBIT
RCD-13

[illegible] n El S[illegible]ado[illegible] r Pa[illegible] [illegible]oamerica

MSN DATE		COORDS	ACFT	NAME	INCENTIVE PAID DATE	AMT	PAID
June	14	[redacted]	824	Cooper			✓
				Piowaty			✓
				Hughes			✓
				KITNEY			✓
				Medina			✓
June	21	[redacted]	823	Sawyer			✓
				~~Kuney~~ Owens			✓
				KITNEY MEDINA			✓
July	8		823	Sawyer			
				KUNEY			✓
				Piowaty			✓
				Hughes			✓
July	8		823	Sawyer			✓
				KUNEY			✓
				Piowaty			✓
				Hughes			✓
July	9		823	Sawyer			✓
				Kuney			✓
				Piowaty			✓
	[illegible] July 13 [illegible]			Hughes			✓
July	29	[redacted]	823	Sawyer			✓
				Stemwedel			✓
				Hasenfus			✓
				Gamelin			✓
July	29	[redacted]	823	Sawyer			✓
				Stemwedel			✓
				Hasenfus			✓
				Gamelin			✓
July	31		823	Sawyer			✓
				Stemwedel			✓
				Hasenfus			✓
				Gamelin			✓

MSN DATE	COORDS	ACFT	NAME	INCENTIVE PAID DATE	AMT	REC'D
AUG 14	[redacted]	823	SAUTER			✓
			STEMWEDEL			✓
			HASENFUS			✓
July 13			Sawyer			✓
			Kuney			✓
			Hughes			✓
			Gamlin			✓
Aug 25	[redacted]	824	McRainey			✓
			Piowaty			✓
	WX, NAV, engine		Gamelin			✓
AUG 26	[redacted]	823	STEMWEDEL			✓
			WEHRELL			✓
			(LOCAL TROOP KICKER)			—
AUG 26	[redacted]	823	STEMWEDEL			✓
			WEHRELL			✓
			(LOCAL KICKER)			—
AUG 27	[redacted]	823	STEMWEDEL			✓
			WEHRELL			✓
			(LOCAL KICKER)			—
AUG 28	[redacted]	823	WEHRELL			✓
			STEMWEDEL		→	✓
			(LOCAL KICKER)			—
SEP 5	[redacted]	824	COOPER		→	✓
			HINES			✓
			GAMELIN			✓
7	[redacted]	824	COOPER		→	✓
			HINES			✓
			GAMELIN			✓
			HAMILTON			✓

MSU DATE	Crew	Coordinates	date	✓ pd
Sep 9	McRainey	[redacted] w/attempt at Bear		✓
	Piowaty			✓
	Hasenfus			✓
Sep 12	Cooper	[redacted] 10000± 2N Hill 248		✓
	Hines			✓
	Gamelin			✓
Sep 13	McRainey	[redacted] 10100± on Bear		✓
	Piowaty			✓
	Hamilton			✓
Sep 14	McRamey	[redacted] 10,100 on DZ		✓
	Piowaty			✓
	Hasenfus			✓
Sep 17	Cooper	[redacted] DZ 3		✓
	Hines			✓
	Gamelin	→		○
	Hasenfus			✓
Sep 19	McRainey	[redacted] DZ-4		✓
	Sawyer	→		○
	Hines	Bob says not to pay →		✓
	## Hamilton			✓
Sep 23	Cooper	[redacted]		✓
	Piowaty			✓
	Hasenfus			✓
Sep 29	WEHRELL	DZ [redacted]		
	JOHNSON			

MSN DATE	Crew	Coordinates	date paid	pd
Sep 29	McRAINEY			✓
	BAKER			✓.
	HASENFAS			✓
Sep30	WEHRELL	[redacted]		
	JOHNSON			
Sep30	WEHRELL	[redacted]		
	JOHNSON	[redacted]		
OCT 5	COOPER	[redacted]		
	SAWYER	[redacted]		
	HASENFUS			

EXHIBIT RCD-14

Page

I GENERAL 1

II OPERATING LOCATIONS 1

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IX OPTIONS 14

EXHIBIT
RCD-14

I GENERAL

Due to recent changes in operational requirements and increased tasking, the "Benefactor Company," hereinafter referred to as B. C. Washington, has taken more direct control of Project Democracy and its supporting elements. The following outlines the structure, authorities, and responsibilities of the organization which was reorganized in early 1986.

II OPERATING LOCATIONS

A. Washington: B. C. Washington has operational control of all assets in support of Project Democracy. B. C. Washington has a separate secure communications facility that acts as the hub for all operational project information. ACE, as the Air Services entity, maintains administrative control and acts as the broker with SAT which provides aircraft maintenance and parts support. All contracts and contract payments are worked through ACE under the policy direction of B. C. Washington.

B. Cincinnati: This military airbase is the primary operational support base. It provides a secure location from which we operate aircraft and perform essential maintenance. Within the city, four houses are maintained where approximately 18 people are quartered. Transportation is provided by four vehicles with drivers. Besides the local telephone, communications are maintained between quarters and the base by mobile radio and between major operating locations by HF radio.

C. The Farm: This forward operating location (FOL) provides the launch and recovery site for support missions being flown in the north central operations area. It currently has a very limited maintenance support capability. We have been planning to install a site manager/operations officer to coordinate support requirements and operational requests. Crews can operate from here for a maximum of two to three days at a time.

D. The Plantation (West): This FOL provides the capability to support central and southern operations. The location requires the eventual installation of a permanent site manager plus an engineer/commo specialist. The sensitivity and vulnerability of this site limits its use and the number of people assigned. While training and actual missions may be launched from here, the prime purpose of the FOL is to provide an alternate refueling or emergency landing site and greater flexibility in mission planning.

E. Maintenance Support Miami: Due to the continuing requirement to locate, acquire, and provide numerous logistic support and maintenance items for operational assets, a one-man support element has been established in the Miami area. He is responsive to the Maintenance Director and works closely with SAT for procurement and delivery of required items.

III KEY PERSONNEL

A. Manager: The project manager at Cincinnati is the sole focal point for site operation and coordination with B. C. Washington, from whom he receives all policy and operational guidance. Either he or the Operations Director are on station at all times. Specific taskings include:

1) Be responsible for the operational effectiveness of company assets and personnel assigned to the project.
2) Establish and enforce a security system that ensures communications security and the operational security of all in-theater operations.
3) Direct the daily and weekly flying and maintenance schedules.
4) Provide B. C. Washington a daily maintenance and training status plus planned schedules for the next seven-day period.
5) Through the Host Liaison Officer, interface with the host government and in-country U.S. Government organizations on behalf of the company.
6) Direct and report on support activities for all personnel assigned to the project, whether they be permanent or temporary. This includes quarters, rations, pay, transportation, and leave schedules.
7) Maintain detailed records of activities and expenditures to provide strict accountability of all company assets and monies. A written report is provided B. C. Washington on a monthly basis.

B. Host Liaison Officer: This officer provides the Manager the critical link to the host senior officials to coordinate support and operational matters. He is the projects communication link and negotiator with both the host and in-country U.S. Government officials. He is part of the secure communications link between B. C. Washington and Project Democracy. Specific responsibilities include:

1) Maintain a secure communcations link with B. C. Washington to provide an alternate means of communicating with the Manager, the host or U.S. Government officials.
2) Brief and obtain concurrence from the minimum required host and requisite U.S. officials on current operations that are of specific interest to them.
3) Maintain close contact with the host military to arrange support for operations and maintenance.
4) Keep the Manager informed of any problems project personnel or operations may be creating for our host or in-country U.S. Government representatives.

C. Operations Director: Air logistics support being the primary service provided, it is necessary to install an experienced special operations aviator to act as senior air operations planner/coordinator and be second in overall command. Primary duties include:

1) Keep the Manager informed on all matters pertaining to operations.
2) Serve as the senior pilot.
3) Coordinate work schedules and resolve all air crew issues based upon top-down guidance.

4) Maintenance accurate and current records pertaining to air crew flying hours and training status.

5) Function as senior air operations planner for training and actual logistic support missions.

6) Establish and enforce a set of standards for aircraft commanders to evaluate all mission tasking for suitability, feasibility, and safety.

D. Maintenance Director: All major maintenance operations are conducted at Cincinnati with the support of the host and Maintenance Support Miami. The Maintenance Director will oversee and coordinate theater-wide maintenance acivitivies in accordance with the Manager's guidance. Responsibilities include:

1) Keep the Manager informed on all matters pertaining to maintenance.

2) Project and coordinate scheduled aircraft maintenance so that an operating capability exists at all times.

3) Maintain current and accurate records pertaining to scheduled and on-call inspections, servicing, and maintenance for each aircraft.

4) Maintain accurate inventories of tools, equipment, materials, and spare parts which are in the custody of the site maintenance section.

5) In coordination with Maintenance Support Miami, forecast and order spare parts, materials, and equipment.

6) Order and control required maintenance publications.

7) Prepare maintenance reports in accordance with directed schedules and formats.

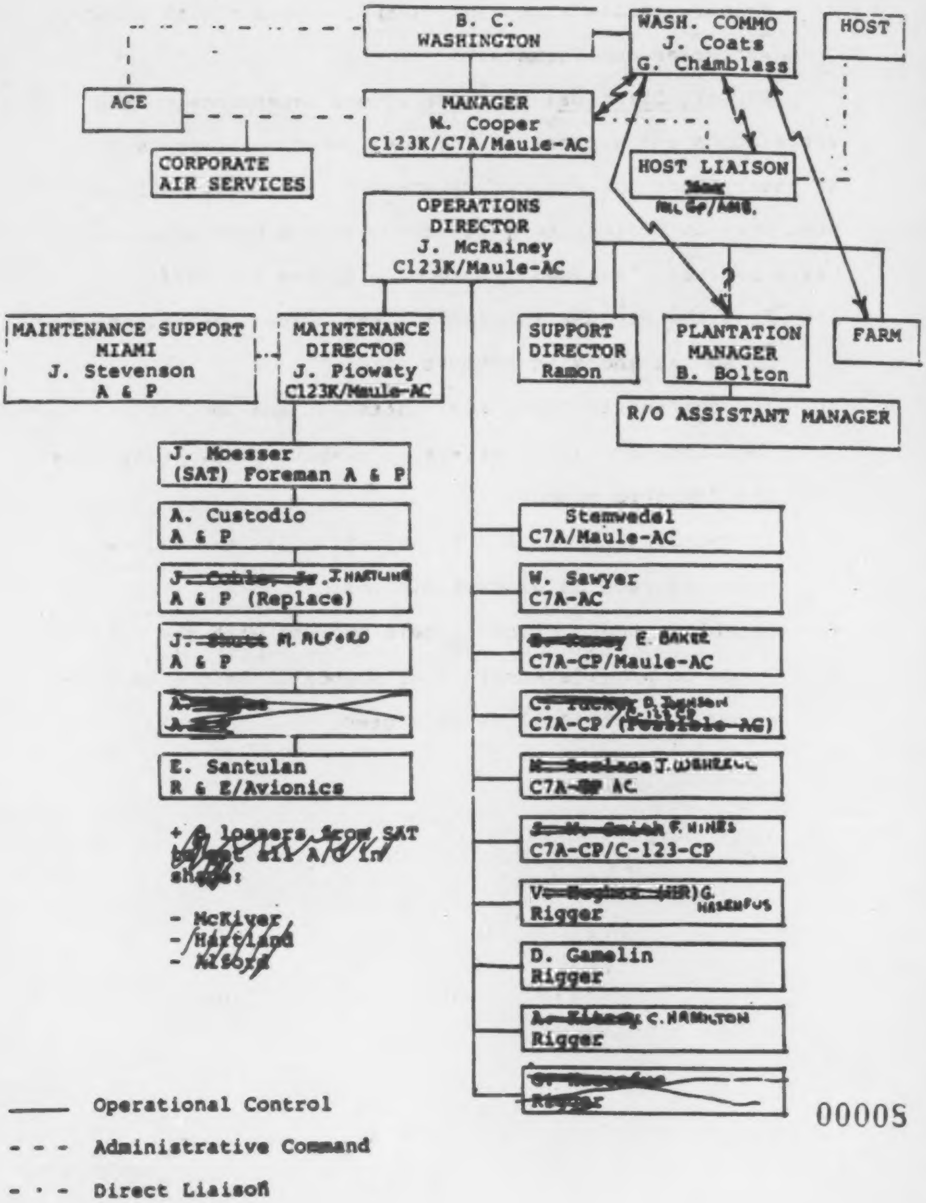
E. Support Director: Because of our dependence on the cooperation and support of the host government, it is necessary that the Support Director work closely with the Host Liaison Officer to interface with the host on a regular basis in their language. Responsibilities include:

1) Keep the Manager informed on all matters pertaining to personnel and site support.

2) In coordination with ACE, establish and monitor contracts for all quarters, transportation, telephones, and domestic support.

3) In coordination with ACE, pay all bills and maintain detailed records of expenditures.

4) Establish and monitor a fuels account with the host Air Force to provide timely fuel support. Keep a detailed account of all fuel expenditures.


B. C. WASHINGTON
WASH. COMMO J. Coats G. Chamblass
HOST
ACE
MANAGER W. Cooper C123K/C7A/Maule-AC
CORPORATE AIR SERVICES
HOST LIAISON [illegible] MIL GP/AMB.
OPERATIONS DIRECTOR J. McRainey C123K/Maule-AC
?
MAINTENANCE SUPPORT MIAMI J. Stevenson A & P
MAINTENANCE DIRECTOR J. Piowaty C123K/Maule-AC
SUPPORT DIRECTOR Ramon
PLANTATION MANAGER B. Bolton
FARM
R/O ASSISTANT MANAGER
J. Moesser (SAT) Foreman A & P
A. Custodio A & P
~~J. [illegible], Jr.~~ J. HARTLINE A & P (Replace)
J. ~~[illegible]~~ M. ALFORD A & P
~~[illegible]~~
E. Santulan R & E/Avionics
+ ~~[illegible] loaners from SAT [illegible] A/C in shape:~~
- ~~McKiver~~
- ~~Hartland~~
- ~~Alsord~~
Stemwedel C7A/Maule-AC
W. Sawyer C7A-AC
~~[illegible]~~ E. BAKER C7A-CP/Maule-AC
~~C. Tucker~~ D. [illegible] C7A-CP / C-123 CP ~~(Possible-AC)~~
~~[illegible]~~ J. WEHRELL C7A-~~CP~~ AC
~~[illegible]~~ F. HINES C7A-CP/C-123-CP
~~V. [illegible] (HR)~~ G. HASENFUS Rigger
D. Gamelin Rigger
~~[illegible]~~ C. HAMILTON Rigger
~~[illegible]~~ Rigger
—— Operational Control
- - - Administrative Command
- · - Direct Liaison

21 Jul 86

Subject: ASSETS/EXPENDITURES FOR PROJECT HOPE

I Assets:	Cost
a. C-123 (HP-824) N 5677	475,000.
b. C-123 (HP-825)	250,000.
c. C-7 (HP-822)	450,000.
d. C-7 (HP-823)	530,000.
e. Maule (HP-821) N 4410F	60,000.
*f. Warehouse (Llopango) Main bldg. pd. by State, extension paid by us	5,200.
*g. Ramp area for our A/C	5,600.
h. Plantation (West) pers. 192,208; mat. 85,000	502,208.
i. Spare engines (R-2800, R-2000)	84,450.
j. Spare parts	150,000.
k. Parachutes/Rigging	10,000.
l. Radios/Antennas	28,401.
m. Mission Support (Xerox, freezer, refrigs.)	33,886.
n. Long Range Lorans (4)	11,040.
o. NVG's (4)	20,038.
p. Storm Scopes (4)	34,352.
q. Van (1)	5,000.
r. Survival Equipment (10)	4,837.
s. Fuel acct balance (El Salvadorian Air Force)	16,088.
t. Credit w/SAT (have repair bill on HP-824 outstanding)	58,909.
u. Munitions/supplies purchased to date	870,000.
v. Property for Plantation	500,000.
TOTAL	4,089,372.

* Non-recoverable costs

II Recurring Costs:	Tot.Expended A/O July 86	Average Monthly
a. Leases (4 houses & Wash. commo site)		3,412.
b. Leases (3 cars)		1,200.
c. Aircrew, maint. & commo salaries (excluding So. Africans)	218,277.	60,000.
d. Travel	24,606.	6,000.
e. Fuel & Oil	35,000.	12,000.
f. Parts movements	85,789.	
g. Food		3,500.
h. Telephone		1,500.
i. Electricity		150.
j. Drivers & Maids (9) salaries		1,000.
k. Local support (Max / Ramon)		6,000.
III Nonrecurring Costs:		
a. Commercial Operational Support (L-100/2 msns.)		67,017.

INVENTORY OF WAREHOUSE AT ILOPANGO AS OF 22 JULY 1986

HK 21...19

Detonators...2,400

C4/5...362.5 lbs

Prima Cord...5,400mts.

Fuse starter...4500mts

7.62-51...270,000

7.62-39...442,000

7.62-51 Linked...182,500

81MM Shells...1488

60MM Shells...7,975

HGM963...60,510

Uniforms...473

Caps...562

T-Shirts...720

Underwears...921

Belts...456

Pairs Socks...1,640

Boots Pairs...481

Hankerchiefs...441

Canteens...882

Backpacks...481

Poncho Liners...274

Magazine holders...295

Ponchos...475

Military Belts...478

Suspenders...476

Flashlights...452

Batteries...452.

END

The Plantation

RUNWAY: The runway is 6250' x 100' and capable of handling up to a C-130 size A/C. There are turn-around areas at both ends, 170' dia. at SW end and 180' dia. at NE end. The surface is crowned for drainage and dry compacted the full length. The turnaround areas are insufficiently compacted, but adequate at present for all A/C. The entire runway, and turnaround areas in particular, are subject to wind erosion damage. The rainy season began last month, and if this problem is not handled correctly mud may become a problem also. The need for a vigorous and complete maintenance program is paramount. If continued compaction following the early season rains and surface grooming prove inadequate, it may be necessary to apply an asphaltic surface binding material such as Pentaprime.

The NE approach to the runway is obstructed by a small hill and a bend in the valley immediately at the end of the runway. A/C have landed and taken off in this direction, but I would not advise if loaded or limited visibility. The SW approach is completely open. except for some trees which will be cut as time and equipment permit.

One drainage problem area has been identified and steps taken to remedy it. A concrete culvert should have been installed across the runway. Small drainage areas will be identified during the first rains and corrective measures taken.

A/C PARKING/SERVICE AREA: The parking area is at the north midpoint of the runway and is large enough to accommodate three C-123's. The refuel bladders will be located here along with the A/C maintenance and repair facilities. All loading and unloading of cargo will be done here also. Presently the AVGAS available is stored in 55-gal. drums in a GP medium tent at same place where bladders will be located.

BUILDINGS: The main building will be "L" shaped, 160' x 60' x 20' wide. It will contain 1700 ft^2 of warehouse space, an office, a radio room, living/eating area and eight bedroom/offices. The latrine will be 10' x 22' and contain three toilets, sinks and showers, and room for a washer and dryer. The buildings and vehicle parking area are almost entirely under trees. Both buildings were designed to use natural ventilation for cooling with only the radio room requiring an air conditioner, but fans will be needed on the hottest calm days. The buildings should be serviceable by Monday 26 May, with only finish work needed. I will finish the buildings when I return. When the buildings have been completed and the carpenters departed, the facility will be operations capable and finish work can be completed as time permits.

COMMO: At present functional communications are housed in a temporary structure with contacts attempted 1600 hrs local daily. The radio is also monitored sporadically during the day as work schedule permits. P. McCauley did an excellent job of setting up commo that is extremely reliable. The radio will be moved from vicinity the AVGAS where they are now upon building completion.

WATER: Getting water has proved to be a problem. A well was dug to 30' near the building site without finding water. After consulting several knowledgeable locals, it was decided to pipe water 1500 meters across the valley from a constant supply spring. This water will gravity feed to a holding tank and then be pumped to an elevated tank to get the required water pressure.

ROAD: The only way in and out of the site is via the road or light aircraft to the ranch. The Maule would require multiple trips almost daily to meet the transportation needs of the airfield. With careful and constant maintenance during the rainy season, it may be possible to use the road all year; depending on the amount and duration of the rain and how quickly the valley drains.

During heavy prolonged rains, the site will be cut off and thought should be given to using a boat as an alternate means of supply/emergency evacuation. There are all weather roads to the coast north and south of the airfield within range of a small boat with outboard motor.

CURRENT SALARIES:

36 K	Garay	3000.	
	Owens	-0-	
51 K	Stemwedel	4250.	
54 K	Sawyer	4500.	
54 K	Cooper	4500.	Up to 4700. when management is all being covered at Cincinnati, A/C and crews ready, reports on time, manning complete, etc.
51 K	McRainey	4250.	Up to 4400. when training program, NVG, forms, etc. working.
51 K	Piowaty	4250.	Up to 4400. when A/C flying, parts flow and response working.
51 K	Kuney	4250.	
42 K	Hughes	3500.	
30 K	Stevenson	2500.	
27.6K	Custodio	2300.	
30 K	Shutt	2500.	
27.6K	Bague	2300.	
30 K 480 K	Coble	2500.	
27.6K	Santucan	2300.	
	Moesser	?	
	Alford	?	
36 K	Gamelin	3000.	
36 K	Smith	3000.	
36 K	Host Liaison (Max)	3000.	
20 K	R/O Wash	1666.	
	Bolton	?	Going on contract
	Replaced	?	
	Borlace	?	South Africans
	Tucker	?	

Options:

I Sale of entire operation and assets wherein CIA takes control of the entire operation plus assets valued at approximately $4M. The price would be negotiated at some level below the $4M.

II CIA takes over operational control. We maintain the crews and assets and conduct the operations at the following rates:

C-7 at $1300/hr, minimum of 50 hrs/mo.
C-123 at $1800/hr, minimum of 50 hrs/mo.
Maule at $300/hr, minimum of 50 hrs/mo.

Therefore, the basic cost per month to the CIA would be $311,500 plus additive costs for operations in excess of the 50 hours per month.

Note 1: We prefer option I with the proceeds from the sale going back into a fund for continued similar requirements.

Note 2: With either option, the CIA should know that 4/C-123K's have very recently been delivered to Tucson (MASDIC). These should be procured by CIA as they are probably in good condition and there should be a good spare parts stock with them.

EXHIBIT RCD-15

SECRET

: From Bob Earl

131300Z AUG. 1. CONDUCT EMERGENCY RECALL IMMEDIATELY. BRING THE MAINTENANCE AND AIRCREWS OUT OF THERE QUIETLY. BUT QUICKLY. LEAVE ALL THE EQUIPMENT. INCLUDING AIRPLANES. BRING BACK ONLY PERSONAL EQUIP. 2. DESTROY REGISTRATION PLATES ON A/C IF POSSIBLE. BUT DON.T DAMAGE THE A/C. 3. AT PT WEST. BOB. BACON. AND OLMSTEAD SHOULD GET TOGETHER. THE AIRFIELD REVERTS TO BACON.S CONTROL. 4. STEELE IS RECONSIDERING MEETING W/ YOU AND MAY CALL YOU. 5. IF HE HELPS PERHAPS THIS THING CAN BE PATCHED BACK TOGETHER FOR THE TRANSITION. BUT FOR THE MOMENT THE PEOPLE MUST BE GOTTEN OUT OF THERE. BT

(SECRET)

345ZAUG86 1. THERE IS MORE THAN 1
DOLLARS WORTH OF EQUIPMENT, SPARES,
LOCATED AT ILO. I PRESUME YOUR MSG RESULTS FROM TELECON WITH OLLIE. IF SO I MUST REMIND YOU THAT THESE ASSETS ARE OWNED BY UDALL RESEARCH CORP AND THERE IS NO INTENTION OF ABANDONING THEM. 2. I INSIST ON IMMEDIATE MEETING BETWEEN BOB AND STEELE OR I WILL SEEK OUT THE AMBASSADOR AND RESOLVE THE ISSUE. DICK

(SECRET)

: From Rob Ea.

1. MY READING IS IT RESULTS FROM YOUR REPORT LAST NIGHT THAT JOE AND VINCE HAD BEEN DIRECTED HANDS OFF BY DCI. COMBINED WITH MY REPORT THAT JIM DIDN.T WANT TO MEET WITH YOU, SUPPOSEDLY AT DIRECTION OF THE AMBASSADOR. 2. THE THREAT OF A LAW SUIT AGAINST BUSTIO FOR AIR PIRACY HAS APPARENTLY REALLY POISONED THE ATMOSPHERE FOR JIM AND FOR THE AMBASSADOR ABOUT THE GOOD INTENTIONS OF THE COMPANY. BT.

EXHIBIT
RCD-15

EXHIBIT RCD-16

[illegible] AMERICAN + [illegible] Project - #1

2 PHASES.

SC 053

PHASE 1. - 4000 ARMS Before
Govt DeadLine

PHASE 2 - Relocation of Plant.

* PHASE ONE CAN'T Complete
Unless phase 2 happens ~~[illegible]~~

These Guns will Be Special Ltd
Additions: (Throphy Guns)

Selling Price per Unit - $1800 X 4000 = $7.200.000

Cost per Unit $250 X 4000 $1.000.000

Don, Ruben D, Larry

4,200,000

Margin - $6,200,000

PayBack (Money USA) $200,000

6,000,000

30% To American Arms 1,800,000

EXHIBIT
RCD-16

RCD 16

Assignments -

Don - Hold American Arms in line and negotiate phase I + II

SC . 054

Dick - Capital

Larry - Get the extra 2000 Revenues made - before the deadline -

---

Objectives of phase II

A) Our group gets World Wide Marketing Rights -
B) Stock in American Arms' Obtained thru Relocation Deal.
C) Laser Built of Shore -
D) We Control all Marketing:
Lic Plants:

② Projection of SALes 1st year =
* No Domestic SALes projected

1000-1500 - Saudi & Gulf States
4000 Contra

25% Commission based on $1000 per Unit. $1,375,000

* This is ~~[illegible]~~ the efforts of StanforD Tech.

Questions:

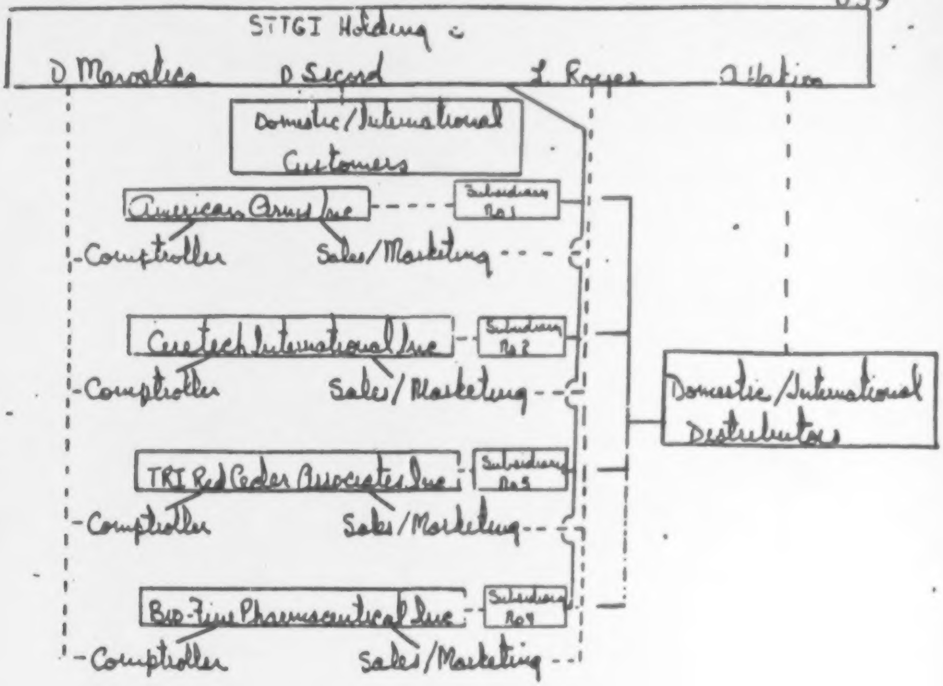
Offshore Corp - TAX Advantages.
New Market Company.
Don - Larry - Rich - Albert.

What other items CAN we effectively Market?

([redacted]) John Deere Eq. Complete Plants, Attack Phillipines

EXHIBIT RCD–17

SC 059


STTGI Holding c
D Marsalica
D Secord
L Royer
A Hakim
Domestic/International Customers
American Arms Inc
Subsidiary No 1
Comptroller
Sales/Marketing
Curetech International Inc
Subsidiary No 2
Comptroller
Sales/Marketing
TRI Red Cedar Associates Inc
Subsidiary No 3
Comptroller
Sales/Marketing
Bio-Fine Pharmaceutical Inc
Subsidiary No 4
Comptroller
Sales/Marketing
Domestic/International Distributors

Thursday 17 July Pm
Albert and Bob gave me this outline
in washington dc

EXHIBIT
RCD-17

Exhibit FIR-1

[redacted]

UNCLASSIFIED

Key Docs

230466
H 30

September 20, 1985

Dear Felix:

AFTER READING THIS LETTER PLEASE DESTROY IT. You may keep the photographs.

Within the next 15 days, the Unified Nicaraguan Opposition (UNO)/ Nicaraguan Democratic Force (FDN) air arm will commence operations with two new types of aircraft: the C-7, CARIBOU and the M-740, MAULE STOL (see enclosures). These aircraft will be used for air drop/aerial resupply to units inside Nicaragua.

Two contract C-7s are scheduled to arrive i[redacted]on or about October 10. Initially the aircraft will be flown by U.S. citizens who are employees of the firm contracted to provide delivery services for the FDN. It is intended that these aircraft will operate primarily at night, performing paradrops to units deep inside. Nicaraguan aircrews will be trained to fly these missions as soon as possible.

The resistance has also purchased a number of new MAULE aircraft shown in the enclosed photograph. These STOL a/c will be used for day and night short-haul missions to include MEDEVAC and aerial resupply. Each aircraft comes with a spare parts package and a maintenance line has been established. Two aircraft have already been delivered. More will follow. All will be flown by Nicaraguan pilots or other Latin Americans -- not U.S. citizens.

Eventually both types of aircraft will also operate in support of the [redacted] front from fields [redacted] Neither [redacted] or [redacted] have adequate sites for maintaining these aircraft. The only location which provides sufficient OPSEC, ramp space and occasional hangar time for servicing these aircraft is at [redacted]

Since this is a completely compartmented operation, being handled by the resistance, you are the only person in the area who can set-up the servicing of these aircraft with [redacted] and [redacted] both have a high regard for you and you may use my name privately with either of them but no others. You must not advise [redacted] you must also keep knowledge of this project from [redacted] who is not working with our people.

Would you, therefore, approach [redacted] and [redacted] with the following proposal:

-- Service space for one C-7 on a one day a week basis. A representative of the C-7 contractor will ensure that all parts and maintenance items are delivered to FDN service technicians (three) as needed. No [redacted] parts or maintenance will be required.

Partially Declassified/Released on 12 May 1987
under provisions of E.O. 12356
by C. Reger, National Security Council

UNCLASSIFIED

739

Dup of 30932-7
JD, FRS
4/1/87

UNCLASSIFIED

H 30467

-- Service space for occassional MAULE maintenance with parts and supplies handled the same as above. Again, no [redacted] parts or labor will be required.

-- This plan requires only discrete use of the [redacted] space and no use of FMS, MAP; and/or Agency funds, equipment, and/or personnel. The contractor will guarantee discretion.

Please advise soonest as to [redacted] acceptance of this proposal. If [redacted] and [redacted] agree, a representative of the maintenance contractor will arrive and seek you out. He will identify himself as coming from Mr. Green.

Warm regards, hope all is well with you. We hear nothing but good reports about your work. Keep it up. Vaya con Dios!

[redacted]

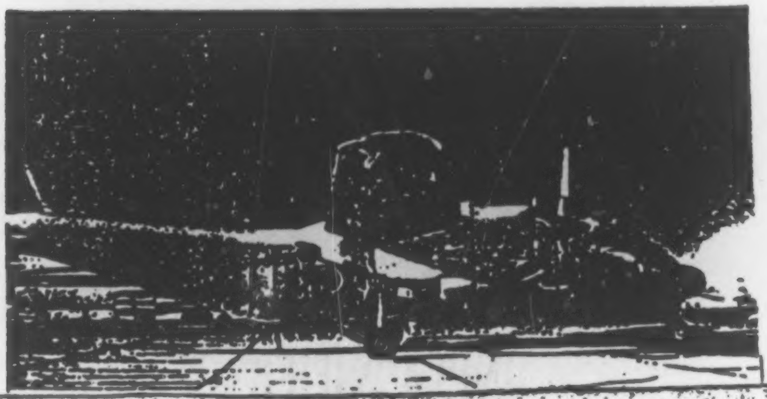
UNCLASSIFIED

UNCLASSIFIED

N 30468

CARIBOU
C-7

Manufacturer:	De Havilland
Power Plant:	Dart recip
Crew:	2 Pilots; loadmaster
Passengers:	37 Troops
Payload:	9,700 lbs.
Cruising Speed:	150 kts (max.)
T.O. Run:	950 ft.
Landing Run:	1,550 ft.
Range:	1,700 nm
Costs:	$751./flt. hr.



UNCLASSIFIED

N 30469

UNCLASSIFIED

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EXHIBIT FIR-2

R 0 0 046

UNION NICARAGUENSE OPOSITORA
(U.N.O)

4 Julio 1986

DISTRIBUCION EN GENERAL DE MATERIAL EN BODEGA DE

1ro Mayo 86

5,600 Cartuchos 7.62x39.
2,500 Cartuchos en Banda 7.62x51.
1 Ametralladora HK-21.
20 Ponchos Lyner.

Material tomado de Bodega, para complementar Lanzamiento a Grupo Indigena de 20 Hombres en la Zona Sur. O/Rafaél - Quintero. (Carga aún pendiente de Lanzamiento)

1ro Mayo 86

1,250 Cartuchos 7.62x51 en Banda.

Material tomado de Bodega, para uso en prueba a las Ametralladoras HK-21 en Poligono de la O/Ramón Medina.

5 Mayo 86

100 Detonadores Nr-8.
55 Libras de Explosivo C-4.
200 Metros de Cordon Detonante.
500 Metros de Mecha Lenta.

Material enviado al Grupo F.A.R en la Zona Sur, para su entrenamiento. O/Rafaél Quintero.

28 Mayo 86

2 Uniformes Camuflados USA.
1 Lampara de Mano.Tipo Militar.
2 Baterias para Lampara de Mano.
1 Cantimplora con su funda.
1 Par de Botas de Jungla USA.

Material tomado de Bodega, para 3 mecánicos que apoyan nuestras Operaciones. O/Max Gómez.

21 Junio 86

5 Ametralladoras HK-21.
504 Granadas 40 mm para M-79.
480 Granadas de Mano M-963.
12,000 Cartuchos 7.62x51.
25,200 Cartuchos 7.62x39.
13,750 Cartuchos en Banda 7.62x51.

Material enviado a Fuerzas del Frente Sur. O/Rafaél Quintero

4 Julio 86

12 Granadas de Mortero 81 mm.

Material tomado de Bodega, para probar lote de Granadas 81mm por empaque viejo, año 1954. O/

Armando López I.
COMANDANTE L-26.

EXHIBIT
FIR-2

R 0 0 067

FUERZA DEMOCRATICA NICARAGUENSE

CENTRO DE SUMINISTROS

REMISION

N°

Destino: EL AGUACATE

Fecha: 12 Septiembre 86

Comandante: 380

Fuerza Efectiva:

CLASE I. (Armamento, Municiones y Explosivos)

1) 50 Cajas de 30 Granadas de Mano M-963 c/u. Total 1,500 Granadas
2) PESO 3,227.4 LBS.
3)
4)
5)
6)
7)
8)
9)
10)
11)
12)
13)
14)

CLASE II. (Equipo de Intendencia)

1) 276 Fajas con Hebillas.
2) 294 Suspensores de Cinturon.
3) 298 Cinturones 1,911.
4) 360 Camisetas.
5) 561 Calsoncillos.
6) 301 Mochilas de Jungla.
7) 884 Cantinas con sus fundas.
8) 261 Pañuelos Camuflados.
9) 788 Focos de mano tipo militar.
10) 257 Pares de Baterias de foco Mano.

(PESO 1,590 LBS.)

CLASE III. (Sanidad y Bienestar)

1)
2)
3)
4)
5)
6)

CLASE V. (Comunicaciones, Transporte, Combustible, Equipo Especial)

1)
2)
3)
4)

OBSERVACIONES: MATERIAL ENVIADO EN AVION CARIBU A BODEGAS DEL AGUACATE PARA USO DE FDN. (PESO TOTAL 4,817 LIBRAS)

Encargado de Kardex.

Encargado Clase I.

Encargado Clase II.

Encargado de Transporte.

FIRMA AUTORIZADA.

Recibido:

Fecha:

OFIC. C.S.:

FUERZA DEMOCRATICA NICARAGUENSE

CENTRO DE SUMINISTROS

REMISION

N°________

Destino: EL AGUACATE
Fecha: 11 Septiembre 86
Comandante: 380
Fuerza Efectiva: ________

CLASE I. (Armamento, Municiones y Explosivos)

1) 96 CAJAS CON 4 GRANADAS DE
2) MORTEROS 81 MM C.U. TOTAL
3) 384 GRANADAS.
4) PESO 4,800 LBS.
5)________
6)________
7)________
8)________
9)________
10)________
11)________
12)________
13)________
14)________

CLASE II. (Equipo de Intendencia)

1)________
2)________
3)________
4)________
5)________
6)________
7)________
8)________
9)________
10)________

CLASE III. (Sanidad y Bienestar)

1)________
2)________
3)________
4)________
5)________
6)________

CLASE V. (Comunicaciones, Transporte, Combustible, Equipo Especial)

1)________
2)________
3)________
4)________

OBSERVACIONES: ENVIADAS EN AVION CARIBU A BODEGAS DEL AGUACATE PARA USO DE FDN.

Encargado de Kardex.

Encargado Clase I.

Encargado Clase II.

Encargado de Transporte.

[illegible]

OFIC. C.S.:________

Recibido:________
Fecha:________

UNION NICARAGUENSE OPOSITORA
(U.N.O)

0 0 069

15 Julio 1986.-

MATERIAL ACTUAL EN BODEGA PROPIEDAD DE U.N.O

a) Armas y Municiones:	19	AMETRALLADORAS HK-21.
	2,400	DETONADORES NR-8.
	5,362	LIBRAS DE EXPLOSIVO C-4.
	5,400	METROS DE CORDON DETONANTE.
	4,500	METROS DE MECHA LENTA.
	270,000	CARTUCHOS 7.62x51.
	442,400	CARTUCHOS 7.62x39.
	182,500	CARTUCHOS EN BANDA 7.62x51.
	60,510	GRANADAS DE MANO TIPO M-963.
	1,488	GRANADAS DE MORTERO 81 MM.
	7,975	GRANADAS DE MORTERO 60 MM.
b) Equipo y Vestuario:	852	CANTIMPLORAS CON SUS FUNDAS.
	451	MOCHILAS DE JUNGLA.
	244	PONCHOS LYNER.
	445	PONCHOS DE LLUVIA.
	235	CANANAS DE JUNGLA PARA M-16.
	448	CINTURONES MODELO 1911.
	444	ARNESES SUSPENSORES.
	422	PARES DE BATERIAS PARA FOCOS DE MANO.-
	440	FOCOS DE MANO TIPO MILITAR.
	442	UNIFORMES CAMUFLADOS U.S.A.
	432	GORRAS MILITARES.
	660	CAMIZETAS MILITARES.
	861	CALZONCILLOS MILITARES.
	426	FAJAS CON HEBILLAS PARA UNIFORMES.
	451	PARES DE BOTAS DE COMBATE U.S.A.
	411	PAÑUELOS CAMUFLADOS.
	1,580	PARES DE MEDIAS MILITARES.

LANZAMIENTOS EFECTUADOS A FUERZAS DEL SUR.

Día 21 Junio 86

5 AMETRALLADORAS HK-21. 12,000 CARTUCHOS 7.62x51. 504 GRANADAS M-
25,200 CARTUCHOS 7.62x39. 13,750 CARTUCHOS EN BANDA 7.62x51. 480 GRANA
DE MANO TIPO M-963.

Día 12 Julio 86

18,000 CARTUCHOS 7.62x51. 28,000 CARTUCHOS 7.62x39. 504 GRANADAS M-79.
130 CANTIMPLORAS CON SUS FUNDAS. 130 MOCHILAS DE JUNGLA. 130 PONCHOS D
LLUVIA. 130 PONCHOS LYNER. 260 CANANAS DE JUNGLA PARA M-16. 130 ARNESE
SUSPENSORES. 130 PARES DE BATERIAS PARA FOCOS DE MANO. 130 FOCOS DE MA
130 UNIFORMES CAMUFLADOS U.S.A. 130 GORRAS MILITARES. 260 PARES DE MED
260 CAMIZETAS. 260 CALZONCILLOS. 130 FAJAS CON HEBILLAS. 130 PAÑUELOS
FLADOS. 130 PARES DE BOTAS DE JUNGLA. 130 CINTURONES MODELO 1911.

Armando Lopez Ibarguen
COMANDANTE L-26

[illegible]
(U.N.O)

29 Septiembre 86.

LANZAMIENTO DE MATERIAL AL FRENTE SUR DIA 28/9/86.

36,000 Cartuchos 7.62x51.
33,600 Cartuchos 7.62x39.
1,920 Granadas de Mano M-963.
240 Granadas de Mortero 60mm.

O/Rafaél Quintero.Peso 9,388 Lbs.

MATERIAL ENVIADO AL AGUACATE PARA USO FDN DIA 29/9/86.

2,400 Granadas de Mano M-963.

O/Rafaél Quintero.Peso 5,163 Lbs.

INVENTARIO DE MATERIAL EN BODEGA A ESTA FECHA.
29 Septiembre 86

110,600 Cartuchos 7.62x39.
101,250 Cartuchos en Banda 7.62x51.
4,000 Cartuchos 7.62x51.
41,550 Granadas de Mano M-963.
3,920 Granadas de Mortero 60mm.
3,000 Metros de Cordon Detonante.
2,062.5 Libras Explosivo C-4 en 175 Cajas.
1,500 Metros de Mecha Lenta.
1,200 Detonadores Nr-8.
744 Granadas de Mortero 81mm.

Todo este Material mencionado está en Bodega.

Armando Lopez I.
COMANDANTE L-26.

UNIDAD NICARAGUENSE OPOSITORA
(U.N.O)

17 Septiembre 1986.

INVENTARIO DE MATERIAL EN BODEGAS A ESTA FECHA

64,000	Cartuchos 7.62x51.
194,600	Cartuchos 7.62x39.
116,250	Cartuchos en Banda 7.62x51.
47,790	Granadas de Mano M-963.
4,160	Granadas de Mortero 60mm.
744	Granadas de Mortero 81mm.
3,000	Metros de Cordon Detonante.
1,500	Metros de Mecha Lenta.
1,200	Detonadores MR-8.
2,062.5	LIBRAS Explosivo C-4 en 75 Cajas.
4	Ametralladoras HK-21.

MATERIAL STAMBY EMPACADO LISTO PARA LANZAMIENTO

72,000	Cartuchos 7.62x51.
67,200	Cartuchos 7.62x39.
240	Granadas de Mano M-963.
240	Granadas de Mortero 60mm.

(PESO 9,829 LIBRA)

Armando Lopez I.
COMANDANTE L-26.

UNIDAD NICARAGUENSE OPOSITORA
(U.N.O)

17 Septiembre 86.

DISTRIBUCION EN GENERAL DE MATERIAL EN BODEGA DE

14 Septiembre 86

1,050 Granadas de Mortero 60mm.
360 Granadas de Mortero 81mm.

Enviadas al Aguacate para uso del Frente Norte FDN. O/Rafaél Quintero.

14 Septiembre 86

68,600 Cartuchos 7.62x39.
37,500 Cartuchos en Banda 7.62x51.
960 Granadas de Mano M-963.
240 Granadas de Mortero 60mm.
10 Ametralladoras HK-21.

Material enviado al frente Sur en Lanzamiento O/ Rafaél Quintero.

16 Septiembre 86

1,000 Granadas de Mortero 60mm.

Material enviado al Aguacate para uso del Frente Norte. O/Rafaél Quintero.

17 Septiembre 86

24,000 Cartuchos 7.62x51.
720 Granadas de Mano M-963.
3,300 Libras de Explosivo C-4.
3,000 Metros de Mecha Lenta.
2,400 Metros de Cordon Detonante.
1,200 Detonadores Nr-8.

Material enviado al frente Sur en Lanzamiento O/ Rafaél Quintero, y se anexó en éste mismo Droping el Material tomado de Bodega el 1ro.de Mayo 86, para el Grupo de 20 Indigenas que son:

5,600 Cartuchos 7.62x39.
2,500 Cartuchos en Banda 7.62x51.
1 Ametrallàdora HK-21.
20 Ponchos Lyner.
Estaban pendientes de Lanzamiento desde 1/5/86.

El Aguacate envio material para este mismo Lanzamiento al Frente Sur:

20 Fusilès Ak-47 con sus accesorios.
60 Granadas de Mano M-963.
5,000 Cartuchos 7.62x39.
20 Gorras. 20 Suspensores de Cinturon.
20 Uniformes Completos Camuflados.
20 Fajas con Hebillas.20 Pares de Botas USA.
20 Cinturones 1,911. 40 Pares de Medias.
40 Camizetas. 40 Calsoncillos.
20 Mochilas de Jungla. 20 Cantinas con sus Fundas.
20 Ponchos de Lluvia. 20 Hamacas de Jungla.
20 Paquetes de 1ro Auxilios. Max Gómez agregó:

14 Cajas de Ración "C". 6 Luces infrarrojas con sus Baterias o instrucciones.

Armando
López

UNION NICARAGUENSE OPOSITORA
(U.N.O)

13 Septiembre 86.

DISTRIBUCION EN GENERAL DE MATERIAL EN BODEGAS DE

12 Septiembre 86

1,500 Granadas de Mano M-963.
276 Fajas con Hebillas.
294 Suspensores de Cinturon.
298 Cinturones 1,911.
360 Camisetas.
561 Calsoncillos.
301 Mochilas de Jungla.
384 Cantinas con sus Fundas.
261 Pañuelos Camuflados.
288 Focos de Mano Tipo Militar.
257 Pares de Baterias de Foco de Mano.

Material enviado a Bodegas del Aguacate para uso del Freñe Norte FDN.

12 Septiembre 86

37,000 Cartuchos 7.62x51.
35,000 Cartuchos 7.62x39.
960 Granadas de Mano M-963.
360 Granadas de Mortero 60mm.

Material enviado a Fuerzas del Frente Sur, complementand el Lanzamiento ya que del Aguacate FDN, envíaron materia para éste Droping. O/Rafaél Quintero.

Material envido del Aguacate.

30 Fuciles FAL con sus accesorios.
20 Fuciles AK con sus accesorios.
200 Pares de Botas USA.
1 Caja de Medicina en general.

Para este mismo Lanzamiento Max Gómes anexó:
2 Pistolas Makaro con 700 Cartuchos para las mismas.
1 Tanque Gas Heliuma con 10 Globos para Señales.
1 Modulo Infrarrojo.
1 Cable y 1 Rollo Tape.
6 Luces Infrarrojas con sus Baterías e instrucciones.

13 Septiembre 86

4,650 Granadas de Mano M-963.

Material enviado al Aguacate para uso del Frente Norte FDN. O/ Rafaél Quintero.

13 Septiembre 86

37,000 Cartuchos 7.62x51.
51,800 Cartuchos 7.62x39.
21,250 Cartuchos en Banda 7.62x51.
1,290 Granadas de Mano M-963.
300 Cantinas con sus Fundas.

Material enviado al Frente Sur en Lanzamiento O/ Rafaél Quintero.

Para este mismo Lanzamiento Max Gómes anexó:

1 Pistola Makaro con 700 Cartuchos.
6 Luces infrarrojas con sus Baterías e instrucciones.
1 Tanque Gas Helidum y 10 Globos para señales.
1 Cable y 1 Rollo Tape.

UNION NICARAGUENSE OPOSITORA
(U.N.O)

2 Septiembre 86.

DISTRIBUCION EN GENERAL DE MATERIAL EN BODEGA DE

12 Julio 86.

18,000	Cartuchos 7.62x51.
28,000	Cartuchos 7.62x39.
504	Granadas de 40mm para M-79.
130	Gorras Militares.
130	Uniformes Camuflados USA.
130	Fajas con Hebillas.
130	Pares de Botas de Jungla USA.
260	Pares de Medias Militares.
130	Suspensores de Cinturon.
130	Cinturones 1911.
260	Camisetas.
260	Calzoncillos.
130	Mochilas de Jungla.
130	Ponchos Lyner.
130	Ponchos de Lluvia.
130	Cantimploras con sus fundas.
130	Pañuelos Camuflados.
260	Portamagasines M-16.
130	Focos de Mano tipo Militar.
130	Pares de Baterias para focos de mano.

Material enviado a Fuerzas del Frente Sur. O/Max Gómez.

15 Julio 86

3 Uniformes Camuflados USA.
2 Suspensores de Cinturon.

Material tomado de Bodega, para apoyar a 3 Soldados coolaboradores nuestros. O/Ramón Medina.

18 Agosto 86

2,400 Granadas de Mano M-963.

Material enviado a Bodegas del Aguacate, para uso del Frente Norte FDN.O/Bill Cooper.

29 Agosto 86.

1 Par de Botas de Jungla USA.

Material tomado de Bodega, para apoyar a un mecánico coolaborador nuestro. O/Max Gómes.

1ro Septiembre 86

925 Granadas de Mortero 60mm.

Material tomado de Bodega y enviado a Bodegas del Aguacate para uso del Frente Norte FDN.O/Rafael Quinte

2 Septiembre 86

1 Par de Botas de Jungla USA.
Material tomado de Bodega por Bill Cooper para su uso.

Armando Lopes L.
COMANDANTE L-26.

UNION NICARAGUENSE OPOSITORA
(U.N.O)

11 Septiembre 86

DISTRIBUCION EN GENERAL DE MATERIAL EN BODEGA DE

5 Septiembre 86

432 Gorras Militares.
440 Uniformes Camuflados USA.
150 Fajas con Hebillas.
449 Pares de Botas USA.
1,580 Pares de Medias Militares.
150 Suspensores de Cinturon.
150 Cinturones 1,911.
300 Camisetas.
300 Calsoncillos.
150 Mochilas de Jungla.
244 Poches Lyner.
445 Ponchos de Lluvia.
168 Cantimploras con sus funda.
150 Pañuelos Camuflados.
235 Portamagasines de M-16.
165 Pares de Baterias de foco de mano.
152 Focos de Mano tipo Militar.

Material enviado a Bodegas del Aguacate, para uso del Frente Norte FDN. O/Max Gómez.

7 Septiembre 86

36,000 Cartuchos 7.62x51.
25,200 Cartuchos 7.62x39.
7,500 Cartuchos en Banda 7.62x51.
5 Ametralladoras HK-21.

Material enviado a Fuerzas del Frente Sur, complementand lanzamiento a los Comandante Leonel y Navegante ya que d Aguacate FDN, enviaron Material para éste Lanzamiento a l mismos. O/Rafaél Quintero.

Material enviado del Aguacate:

336 Libras de Explosivo C-4.
360 Granadas de Mano M-963.
160 Granadas de Mortero 60mm.
144 Granadas de 40mm para M-79.
25,200 Cartuchos 7.62x39 para AK-47.
Para este mismo Lanzamiento Max Gómez anexó:
1 Tanque de gas Heliums.
15 Globos para señales.
1 Modulo Infrarrojo.
6 Pistolas Makaro con 1,500 Cartuchos.
6 Luces Infrarrojo con sus baterias e instrucciones.
1 Cable y 1 Rollo de Tape.

11 Septiembre 86

384 Granadas de Mortero 81 mm.HE.

Material enviado a Bodegas del Aguacate para uso del Frente Norte FDN. O/Bob Dutton.

Armando López I.
COMANDANTE L-26.

R 0 0 077

UNION NICARAGUENSE OPOSITORA
(U.N.O)

15 Julio 1986.-

MATERIAL ACTUAL EN BODEGA PROPIEDAD DE U.N.O

a) Armas y Municiones:

19	AMETRALLADORAS HK-21.
2,400	DETONADORES MR-8.
5,362	LIBRAS DE EXPLOSIVO C-4.
5,400	METROS DE CORDON DETONANTE.
4,500	METROS DE MECHA LENTA.
270,000	CARTUCHOS 7.62x51.
442,400	CARTUCHOS 7.62x39.
182,500	CARTUCHOS EN BANDA 7.62x51.
60,510	GRANADAS DE MANO TIPO M-963.
1,488	GRANADAS DE MORTERO 81 MM.
7,975	GRANADAS DE MORTERO 60 MM.

b) Equipo y Vestuario:

852	CANTIMPLORAS CON SUS FUNDAS.
451	MOCHILAS DE JUNGLA.
244	PONCHOS LYNER.
445	PONCHOS DE LLUVIA.
235	CANANAS DE JUNGLA PARA M-16.
448	CINTURONES MODELO 1911.
444	ARNESES SUSPENSORES.
422	PARES DE BATERIAS PARA FOCOS DE MANO.
440	FOCOS DE MANO TIPO MILITAR.
442	UNIFORMES CAMUFLADOS U.S.A.
432	GORRAS MILITARES.
660	CAMIZETAS MILITARES.
861	CALZONCILLOS MILITARES.
426	FAJAS CON HEBILLAS PARA UNIFORMES.
451	PARES DE BOTAS DE COMBATE U.S.A.
411	PAÑUELOS CAMUFLADOS.
1,580	PARES DE MEDIAS MILITARES.

LANZAMIENTOS EFECTUADOS A FUERZAS DEL SUR.
Día 21 Junio 86

5 AMETRALLADORAS HK-21. 12,000 CARTUCHOS 7.62x51. 504 GRANADAS M-79. 25,200 CARTUCHOS 7.62x39. 13,750 CARTUCHOS EN BANDA 7.62x51. 480 GRANADAS DE MANO TIPO M-963.

Día 12 Julio 86

18,000 CARTUCHOS 8.62x51. 28,000 CARTUCHOS 7.62x39. 504 GRANADAS M-79.
130 CANTIMPLORAS CON SUS FUNDAS. 130 MOCHILAS DE JUNGLA. 130 PONCHOS DE
LLUVIA. 130 PONCHOS LYNER. 260 CANANAS DE JUNGLA PARA M-16. 130 ARNESES
SUSPENSORES. 130 PARES DE BATERIAS PARA FOCOS DE MANO. 130 FOCOS DE MANO.
130 UNIFORMES CAMUFLADOS U.S.A. 130 GORRAS MILITARES. 260 PARES DE MEDIAS
260 CAMIZETAS. 260 CALZONCILLOS. 130 FAJAS CON HEBILLAS. 130 PAÑUELOS CA
FLADOS. 130 PARES DE BOTAS DE JUNGLA. 130 CINTUR[illegible]ES MODELO 1911.

Armando López Ibarguen
[illegible]

EXHIBIT FIR-3

Congressional Research Service
The Library of Congress
Translation (Spanish)

Washington, D.C. 20540

R 0 00161
Translation of
R D C66

NICARAGUAN OPPOSITION UNION (UNO)

July 4, 1986

GENERAL DISTRIBUTION OF MATERIAL IN DEPOT ON:

May 1, 1986

5,600 cartridges (7.62 x 39)
2,500 cartridges in belt (7.62 x 51)
1 HK-21 machine gun
20 Lyner ponchos

Material taken from depot to complement drop to indigenous group of 20 men in the Southern Zone. Or/ Rafael Ouintero. (Loading still pending on drop).

May 1, 1986

1,250 cartridges (7.62 x 51) in belt

Material taken from depot for use in testing the HK-21 machine guns at rifle range Or/ Ramon Medina

May 5, 1986

100 No. 8 detonators
55 lbs of C-4 explosives
200 meters of detonating cord
500 meters of safety fuse

Material sent to the F.A.R. group in the Southern Zone for their training.
Or/ Rafael Quintero

May 28, 1986

2 U.S.A. camouflage uniforms
1 military-type flashlight
2 batteries for flashlight
1 canteen with case
1 pair of U.S. jungle boots

Material taken from depot for 3 mechanics who are supporting our operations.
Or/ Max Gomez

EXHIBIT
FIR-3

CPS - 2 R 0 00162

June 21, 1986

5 HK-21 machine guns
504 40-mm grenades for M-79
480 M-963 hand grenades
12,000 cartridges (7.62 x 51)
25,200 cartridges (7.62 x 39)
13,750 cartridges in belt (7.62 x 51)

Material sent to Southern Front forces Or/ Rafael Quintero

July 4, 1986

12 - 81 mm mortar shells

Material taken from depot to lot-test the 81 mm shells because of their being packaged for so long, since 1954. Or/

Armando Lopez I.
Comandante L-26

R 0 00163
Translation of
R 0 0 069

CRS - 3

NICARAGUAN OPPOSITION UNION (UNO)

July 15, 1986

MATERIAL IN DEPOT AT THIS TIME, PROPERTY OF U.N.O.

a) Weapons and Ammunition:

19 HK-21 machine guns
2,400 NR-8 detonators
5,362 lbs of C-4 explosives
5,400 meters of detonating cord
4,500 meters of safety fuse
270,000 cartridges (7.62 x 51)
442,400 cartridges (7.62 x 39)
182,500 cartridges in belt (7.62 x 51)
60,510 type M-963 hand grenades
1,488 81-mm mortar shells
7,975 60-mm mortar shells

b) Equipment and Clothing:

852 canteens with cases
451 jungle packs
244 Lyner ponchos
445 rain ponchos
235 jungle cartridge belts for M-16
448 model L911 belts
444 suspension harnesses
422 sets of batteries for flashlights
440 military-type flashlights
442 U.S. camouflage uniforms
432 service caps
660 military undershirts
861 military shorts
426 belts with buckles for uniforms
451 pairs of U.S. combat boots
411 camouflage handkerchiefs (?)
1,580 pairs of military socks

DROPS MADE TO SOUTHERN FORCES

June 21, 1986

5 HK-21 machine guns; 12,000 (7.62 x 51) cartridges; 504 M-79 grenades; 25,200 (7.62 x 39) cartridges; 13,750 (7.62 x 51) cartridges in belt; 480 type M-963 hand grenades

R 0 00164

CRS - 4

Translation of
R 0 0 049

July 12, 1986

18,000 (7.62 x 51) cartridges; 28,000 (7.62 x 39) cartridges; 504 M-79 grenades; 130 canteens with cases; 130 jungle packs; 130 rain ponchos; 130 Lyner ponchos; 260 jungle cartridge belts; 130 suspension harnesses; 130 sets of batteries for flashlights; 130 flashlights; 130 U.S. camouflage uniforms; 130 service caps; 260 pairs of socks; 260 undershirts; 260 shorts; 130 belts with buckles; 130 camouflage neckerchiefs; 130 pairs of jungle boots; 130 model 1911 belts.

(s) Armando Lopez Ibarguen
Comandante L-26

R 0 00165

CRS - 5

Translation of
R 0 0 074

NICARAGUAN OPPOSITION UNION (UNO)

September 2, 1986

GENERAL DISTRIBUTION OF MATERIAL IN DEPOT ON:

July 12, 1986

18,000 (7.62 x 51) cartridges
28,000 (7.62 x 39) cartridges
504 40-mm grenades for M-79
130 service caps
130 U.S. camouflage uniforms
130 belts with buckles
130 pairs of U.S. jungle boots
260 pairs of military socks
130 suspenders
130 1911 type belts
260 undershirts
260 shorts
130 jungle packs
130 lyner ponchos
130 rain ponchos
130 canteens with cases
130 camouflage kerchiefs
260 M-16 clips /?/
130 military-type flashlights
130 sets of batteries for flashlights

Material sent to Southern Front forces Or/Max Gomez

July 15, 1986

3 U.S. camouflage uniforms
2 suspenders

Material taken from depot to support 3 soldiers, collaborators of ours
Or/ Ramon Medina

August 18, 1986

2,400 M-963 hand grenades

Material sent to Aguacate depots for use by the FDN Northern Front
Or/ Bill Cooper

CRS - 6

August 29, 1986

1 pair of U.S. jungle boots

Material taken from depot to support a mechanic, collaborator of ours
Or/ Max Gomez

September 1, 1986

925 60-mm mortar shells

Material taken from depot and sent to Aguacate depots for use by the FDN Northern Front Or/Rafael Quintero

September 2, 1986

1 pair of U.S. jungle boots

Material taken from depot by Bill Cooper for his use.

(s) Armando Lopez I.
Comandante L-26

CRS - 7

R 0 00167
Translation of
R 0 0 0 75

NICARAGUAN OPPOSITION UNION (UNO)

September 11, 1986

GENERAL DISTRIBUTION OF MATERIAL IN DEPOT ON:

September 5, 1986

432 service caps
440 U.S. camouflage uniforms
150 belts with buckles
449 pairs of U.S. boots
1,580 pairs of military socks
150 suspenders
150 (type 1911) belts
300 undershirts
300 shorts
150 jungle packs
244 lyner ponchos
445 rain ponchos
168 canteens with cases
150 camouflage kerchiefs
235 M-16 clips /?/
165 sets of batteries for flashlight
152 military-type flashlights

Material sent to Aguacate depots for use of the FDN Northern Front
Or/ Max Gomez

September 7, 1986

36,000 (7.62 x 51) cartridges
25,200 (7.62 x 39) cartridges
7,500 (7.62 x 51) cartridges in belts
5 HK-21 machine guns

Material sent to Southern Front forces, complementing shipment to Comandantes Leonel and Navegante inasmuch as they sent material for this shipment to the same from Aguacate FDN Or/ Rafael Ouintero

Material sent from Aguacate

336 pounds of C-4 explosives
360 M-963 hand grenades
160 60-mm mortar shells
144 40-mm shells for M-79
25,200 (7.62 x 39) cartridges for AK-47

For this same drop Max Gomez added:

1 tank of helium gas
15 signal balloons
1 infrared unit
6 Makaro pistols with 1,500 rounds
6 infrared lights with batteries and instructions
1 cable and 1 roll of tape

September 11, 1986

384 81-mm mortar shells

Material sent to Aguacate depots for use by FDN Northern Front.
Or/ Bob Jutton

(s) Armando Lopez I
Comandante L-26

CRS - 9

R 0 00169
translation of
R O Ck8

NICARAGUAN DEMOCRATIC FORCES

Supply Center

Destination El Aguacate Date September 11, 1986
Comandante 380

96 cases of 4 - 81 mm mortar shells each, total of 384 shells, weight 4,800 lbs

Shipped in Caribu plane to Aguacate depots for use by FDN

Two illegible signatures

R 0 00170

CRS - 10

Translation of
R 0 0 067

NICARAGUAN DEMOCRATIC FORCES

Supply Center

Destination El Aguacate Date September 12, 1986

Comandante 380

50 cases of 30 M-963 hand grenades each, total 1,500 grenades
Weight 3,227.4 lbs

276	belts with buckles
294	suspenders
298	type-1911 belts
360	undershirts
561	shorts
301	jungle packs
384	canteens with cases
261	camouflage kerchiefs
288	military-type flashlights
257	sets of batteries for flashlights

Weight: 1,590 lbs

Material sent in Caribu plane to Aguacate depots for use by the FDN
Total weight 4,817 lbs

There are two illegible signatures

Translation of
R0 0 0073

NICARAGUAN OPPOSITION UNION (UNO)

September 13, 1986

GENERAL DISTRIBUTION OF MATERIAL IN DEPOT ON:

September 12, 1986

1,500 M-963 hand grenades
276 belts with buckles
294 suspenders
298 type 1911 belts
360 undershirts
561 shorts
301 jungle packs
384 canteens with cases
261 camouflage kerchiefs
288 military type flashlights
257 sets of batteries for flashlight

Material sent to Aguacate depots for use of FDN Northern Front

September 12, 1986

37,000 (7.62 x 51) cartridges
35,000 (7.62 x 39) cartridges
960 M-963 hand grenades
360 60-mm mortar shells

Material sent to Southern Front forces, complementing the drop since the Aguacate FDN sent material for drop Or/ Rafael Quintero

Material sent from Aguacate

30 FAL rifles with accessories
20 AK rifles with accessories
200 pairs of U.S. boots
1 case of general medicines

For this same drop Max Gomez added:

2 Makaro pistols with 700 rounds for same
1 tank helium gas with 10 signal balloons
1 infrared unit
1 cable and 1 roll of tape
6 infrared lights with their batteries and instructions

CRS - 12

September 13, 1986

4,650 M-963 hand grenades

Material sent to Aguacate for use by the Northern Front of FDN
Or/ Rafael Quintero

September 13, 1986

37,000	(7.62 x 51) cartridges
51,800	(7.62 x 39) cartridges
21,250	(7.62 x 51) cartridges in belt
1,290	M-963 hand grenades
300	canteens with cases

Material sent to Southern Front in drop Or/ Rafael Quintero

For this same drop Max Gomez added:

1 Makaro pistol with 700 rounds
6 infrared lights with batteries and instructions
1 tank of helium gas and 10 signal balloons
1 cable and 1 roll of tape

(s) /illegible/
Comandante L-26

CRS - 13

R 0 00173
Translation of
R 0 0 C72

NICARAGUAN OPPOSITION UNION (UNO)

September 17, 1986

GENERAL DISTRIBUTION OF MATERIAL IN DEPOT ON:

September 14, 1986

1,050	60-mm mortar shells
360	81-mm mortar shells

Sent to Aguacate for use by the FDN Northern Front Or/ Rafael Quintero

September 14, 1986

68,600	(7.62 x 39) cartridges
37,500	(7.62 x 51) cartridges
960	M-963 hand grenades
240	60-mm mortar shells
10	HK-21 machine guns

Material sent to the Southern Front in drop Or/ Rafael Quintero

September 16, 1986

1,000	60-mm mortar shells

Material sent to Aguacate for use by Northern Front Or/ Rafael Quintero

September 17, 1986

24,000	(7.62 x 51) cartridges
720	M-963 hand grenades
3,300	pounds of C-4 explosives
3,000	meters of safety fuse
2,400	meters of detonating cord
1,200	Nr. 8 detonators

Material sent to the Southern Front in drop Or/ Rafael Quintero, and the material taken from the depot on May 1, 1986 was added to this same drop for the group of 20 natives, which is:

5,600	(7.62 x 39) cartridges
2,500	(7.62 x 51) cartridges in belt
1	HK-21 machine gun
20	Lyner ponchos

CRS - 14

They have been awaiting the drop since 5/1/86.
Aguacate sent material for this same drop to the Southern Front:

20	AK-47 rifles with accessories
60	M-963 hand grenades
5,000	(7.62 x 39) cartridges
20	service caps
20	suspenders
20	complete camouflage uniforms
20	belts with buckles
20	pairs U.S. boots
20	type 1911 belts
40	pairs socks
40	undershirts
40	shorts
20	jungle packs
20	canteens with cases
20	rain ponchos
20	jungle hammocks
20	first aid kits

Max Gomez added:

14	cases of C-rations
6	infrared lights with their batteries and instructions

(s) Armando Lopez
Comandante L-26

R 0 00175
Translation of
RO C 071

CRS - 15

NICARAGUAN OPPOSITION FRONT (UNO)

September 17, 1986

INVENTORY OF MATERIAL IN DEPOT ON THIS DATE

64,000 (7.62 x 51) cartridges
194,600 (7.62 x 39) cartridges
116,250 (7.62 x 51) cartridges in belt
47, 790 M-963 hand grenades
4,160 60-mm mortar shells
744 81-mm mortar shells
3,000 meters of detonating cord
1,500 meters of fuse
1,200 Nr. 8 detonators
2,062.5 pounds C-4 explosives in 75 cases
4 HK-21 machine guns

STANDBY MATERIAL PACKED, READY FOR DROPS

72,000 (7.62 x 51) cartridges
67,000 (7.62 x 39) cartridges
240 M-963 hand grenades
240 60-mm mortar shells
(Weight 9,829 pounds)

(s) Armando Lopez I.
Comandante L-26

R 0 00176
Translation of
RC 0 070

CRS - 16

NICARAGUAN OPPOSITION UNION (UNO)

September 29, 1986

DROP OF MATERIAL TO SOUTHERN FRONT 9/28/86

36,000 (7.62 x 51) cartridges
33,600 (7.62 x 39) cartridges
1,920 M-963 hand grenades
240 60-mm mortar shells

Or/ Rafael Quintero, Weight 9,388 lbs.

MATERIAL SENT TO AGUACATE FOR USE BY FDN ON 9/29/86

2,400 M-963 hand grenades

Or/ Rafael Quintero, Weight 5,163 lbs.

INVENTORY OF MATERIAL IN DEPOT ON THIS DATE

September 29, 1986

110,600 (7.62 x 39) cartridges
101,250 (7.62 x 51) cartridges
4,000 (7.62 x 51) cartridges
41,550 M-963 hand grenades
3,920 60-mm mortar shells
3,000 meters of detonating cord
2,062.5 pounds C-4 explosives in 75 cases
1,500 meters of safety fuse
1,200 Nr. 8 detonators
744 81-mm mortar shells

All this material is in the depot.

(s) Armando Lopez I.
Comandante L-26

Translated by Wesley Edward Kerney
CRS - Language Services
May 7, 1987

EXHIBIT FIR-4

0 00177

cont'd from bottom:
What are your thoughts and feelings? I hope they're not at odds with mine.

IT WOULD BE REASONABLE TO EXPECT TO HAVE FOR THE MISSION ASSIGNED, THE FOLLOWING:

	YES	NO	
Mission Capable Airframe	[ ]	[✓]	[illegible] range 116-126 KIAS. Stalls at [illegible] Can't make any fine adjustments. No climb at all except with [illegible] or METO. Horrendous exhaust signature.
Functional Instrumentation	[ ]	[✓]	One [illegible] fuel gage, drop tank feed [illegible] [illegible]ration. No fuel flow available.
Night Vision Goggles	[illegible]	[✓]	We were 1500' above [illegible] highest known [illegible] in within [illegible] mi either side of [illegible]. Since [illegible] didn't die [illegible] the [illegible], I feel an obligation to translate that good fortune into a strong demand for equipment that will help prevent the next collision.
Radar Altimeter	[ ]	[✓]	Whether on track or off, map anomaly or no, a functioning radar altimeter would have provided some warning and as well given some security over the rest of the route.
Omega	[illegible]	[✓]	The [illegible] is [illegible] the [illegible]. Last night, on a mission that covered 10[illegible] nautical miles we had [illegible] acceptable [illegible]R. See [illegible].
LORAN	[illegible]	[✓]	Operates in Sky Wave only. Initial [illegible] [illegible] track err[illegible] [illegible] error at [illegible]
Radar	[illegible]	[illegible]	[illegible]

And, finally, I demand respect for my life, the lives of my fellow crew members, and some respect for those we are supposed to be supporting. I would like to think that we/you are all motivated by respect for life in this endeavor. How, then, can we be pressed into service (and, please, don't deny the pressure) without the equipment listed above, without parachutes, without minimum survival gear, without adequate communications with the DZ, with inadequate (even withheld) intelligence, without secure communications? Is it simply greed that drives some of you to drive the rest of us? Or pride? Is it . . . what can it be that demands t.o.t.s and frequencies and all the other EEIs to be given in the clear over unsecure radio and telephone?

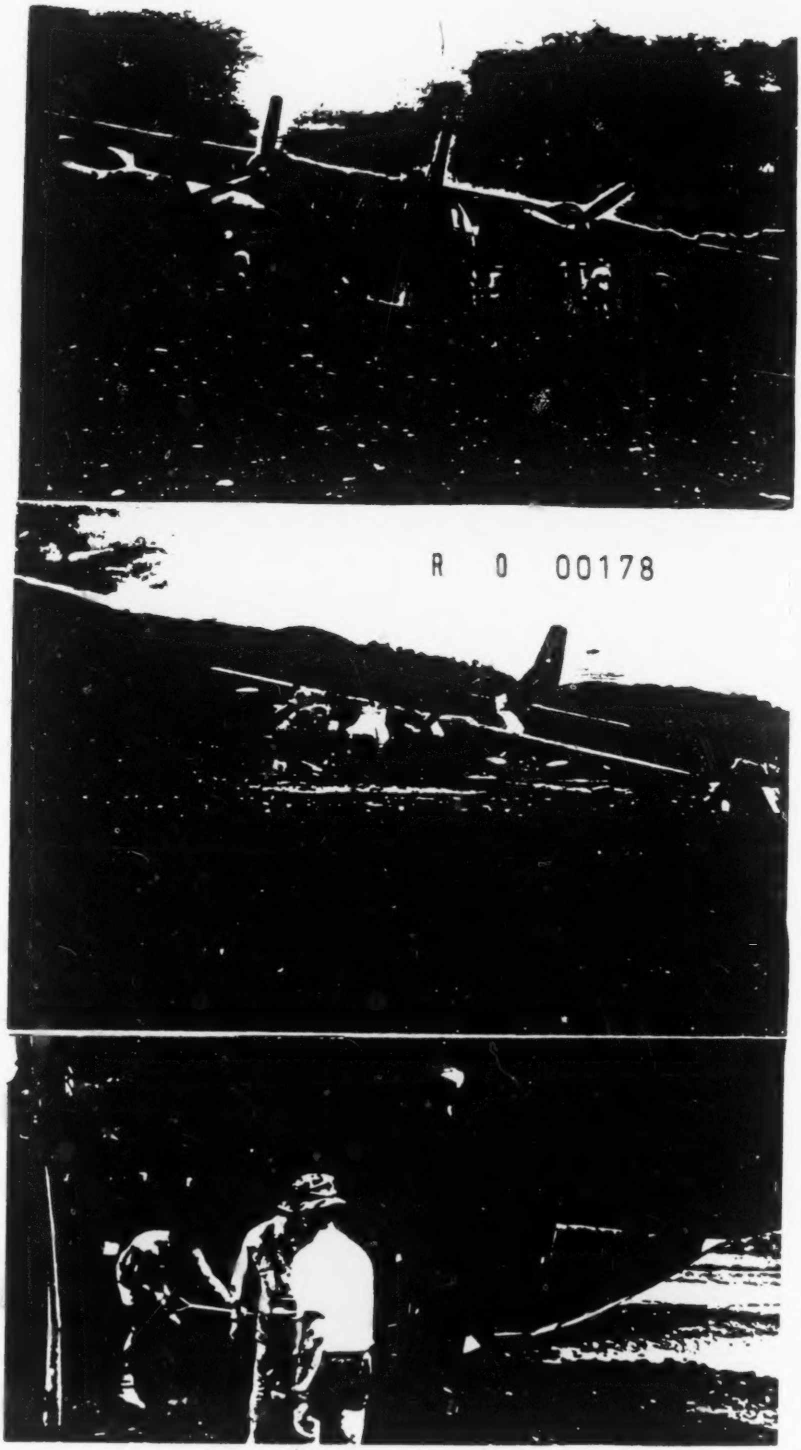
I hope you have some answers for me and my fellow crewmembers. Better that than to have to face five widows. Better that than have to answer in a later court the souls of brave men dead because a professionally demanding mission was launched with a criminal disregard for the elements critical to its success.

I now realize it was pride that put me in that inadequate aircraft on last night's mission. Nothing will ever again put me in that position, nor, if I have any influence or control, will I allow any of my fellow crewmembers to be so put at risk. (above)

Well [illegible]

EXHIBIT
FIR-4

BEST AVAILABLE COPY



R 0 00178

EXHIBIT FIR-5

UNCLASSIFIED

N 22450

Felix - 8 Aug '86

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

Using Ed Wilson group for supplies.
Felix met by Ollie & got Contra
plane moved to [redacted]
"Mr Green" = Rafael Quintero
Felix knew him at Bay of Pigs, also
Dave & Tom Clines whom Felix
used to know - split over Libya.
A group of weapons for $
was arranged & sold out for Contras
Clines & General Secord tied in.
Bought grenades for $3 -
sold for $9.
Felix planned to quit in May.
DICK GADD purchases things
got 1st Contract - big profit
Clines is getting $ from [redacted]
as well: buying things at great
profit. He was selling for Qadhafi with
Wilson
BOB DUTTON brought in as mgr
for project after a flap. He & Felix
got into a conflict. Idea was to set up a
proprietary to sell to CIA.
CIA said no - people involved were
with them were what we had.

797

Partially Declassified/Released on 12 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

EXHIBIT
FIR-5

UNCLASSIFIED

2

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

Dick Gadd ripped off $20,000 on a cunning glen piece.
Gadd getting rip off on two workers $650 a day.

C-123 was seen as a donation [redacted]
Was sitting in Miami with medicine Felix got from Mayor of W. Miami 1VC. spare parts
Bermudez asked Mayor to come in to Contra base
Southern Air Transport said plane OK to go. Called Jim Steele
Rafael said NO

Quintero said ops "finished"
[redacted] angry - feels plane is a donation - was told so by Ollie
C-123 & 2 others are held in the base, by order of [redacted]
Steele will not release planes Gadd or Felix does.

UNCLASSIFIED

UNCLASSIFIED

3.

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

N 22452

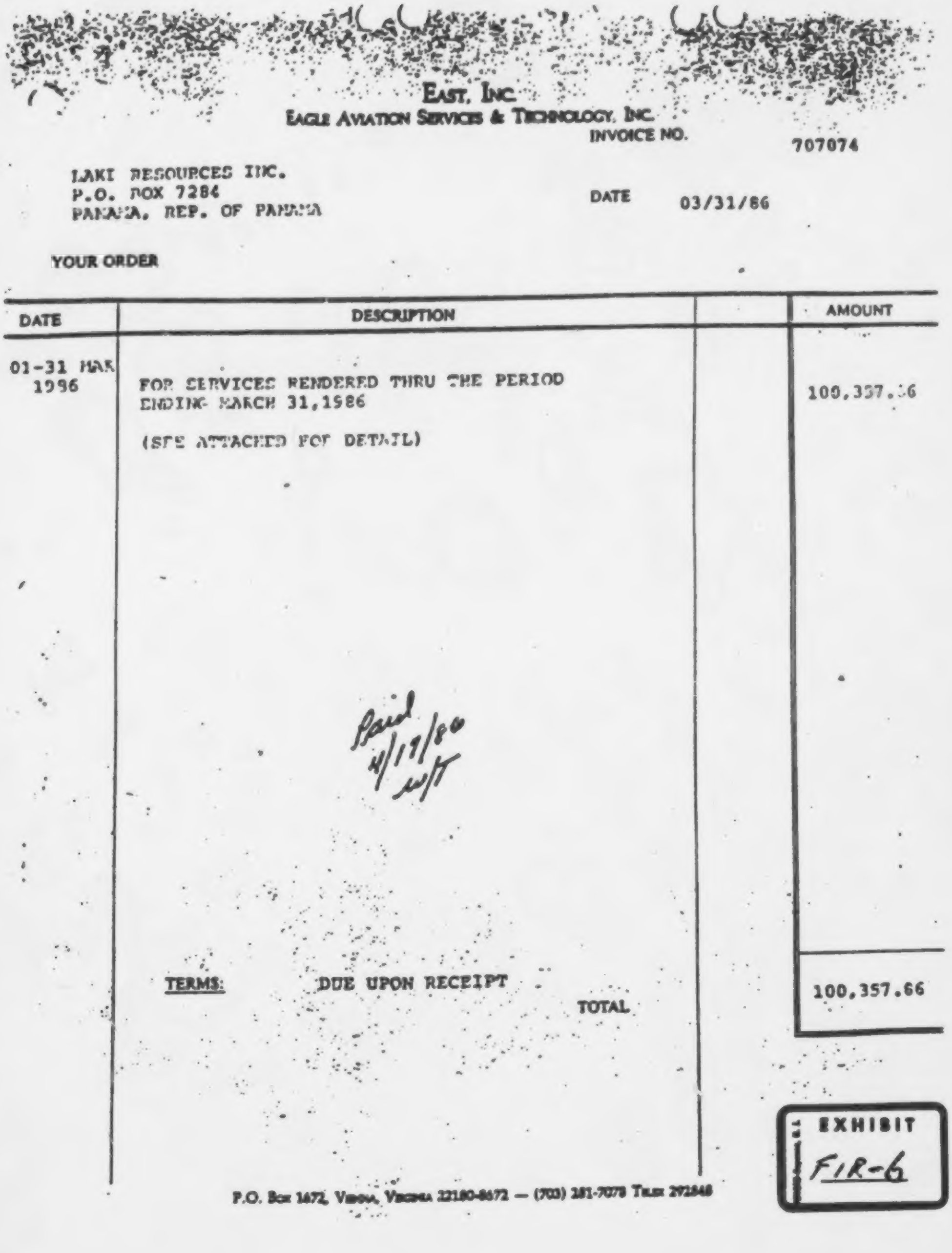
[redacted] feels US credibility at stake - now feels it has been a ~~A~~ making moves. He feels 3 planes belong to Contras. He assumed the base & Contras on his own.

If planes pulled back [redacted] will be exposed & will close base down.

Felix can get [redacted] to release the planes.

UNCLASSIFIED

Exhibit FIR-6



East, Inc.
Eagle Aviation Services & Technology, Inc.

INVOICE NO. 707074

LAKE RESOURCES INC.
P.O. BOX 7284
PANAMA, REP. OF PANAMA

DATE 03/31/86

YOUR ORDER

DATE	DESCRIPTION		AMOUNT
01-31 MAR 1986	FOR SERVICES RENDERED THRU THE PERIOD ENDING MARCH 31,1986 (SEE ATTACHED FOR DETAIL)		100,357.66

Paid 4/19/86 W/T

TERMS: DUE UPON RECEIPT

TOTAL 100,357.66

P.O. Box 1672, Vienna, Virginia 22180-8672 — (703) 281-7078 Telex 292848

EXHIBIT
FIR-6

EAST, INC.

SECOND BILLING SUPPORT

FEES:		
BOLTON 31 DAYS @ 450	$13,950.00	
STROUP 40 DAYS @400	16,000.00	
SMET 1 DAY @ 500	500.00	
SMITH 6.75 DAYS @450	3,037.50	
WILSON 31 DAYS @400	12,400.00	
SAWYER 1.67 DAYS @ 450	751.50	
PINARD 3DAYS @450	1,350.00	
HARRINGTON 10 DAYS @ 450	4,500.00	
MCCULLY 11 DAYS @400	4,400.00	
HUGHES 5.34 @450	2,403.00	
VON HAVEN 6 DAYS @450	2,700.00	

TOTAL FEES		$61,992.00
TRAVEL:		
BOLTON	805.00	
STROUP	2,339.36	
STROUP	4,600.00	
WILSON	805.00	
SAWYER	852.73	
PINARD	452.34	
HARRINGTON	1,253.67	
VON HAVEN	854.68	
SMET	842.95	
COOPER	580.75	
MCCAULLY	766.62	
CRWAFORD	319.70	
MCCAULLY	1,545.03	
SHUTT	131.10	
SHUTT	570.40	
SHUTT	272.55	

TOTAL TRAVEL		$16,991.88
EQUIPMENT:		
1 WASHER		
4 AIR CONDITIONERS		
2 REFRI.	3,621.63	
1 WASHER	542.80	
1 DRYER	488.75	
3 MEDICAL KITS	971.75	

TOTAL EQUIPMENT		$5,624.93
OTHER:		
COMMUNICATION COST	404.05	
INSURANCE	345.00	
CASH ADVANCE-FUEL ACCT.	15,000.00	

TOTAL OTHER		$15,749.05

GRAND TOTAL		$100,357.86
		============

EAST, INC.

SECOND BILLING SUPPORT

	FEES:		
3/1-31	BOLTON 31 DAYS @ 450	$13,950.00	
2/20-3/31	STROUP 40 DAYS @400	16,000.00	
	SMET 1 DAY @ 500 -	500.00	
6.75	SMITH 6.75 DAYS @450	3,037.50	
3/31	WILSON 31 DAYS @400	12,400.00	
12/27-28	SAWYER 1.67 DAYS @ 450	751.50	
3/27-30	PINARD 3DAYS @450	1,350.00	
DEC 85	HARRINGTON 2 DAYS @ 450	900.00	
2/14-23	HARRINGTON 10 DAYS @ 450	4,500.00	
3/3-13	MCCULLY 11 DAYS @400	4,400.00	
	VON HAVEN 6 DAYS @450	2,700.00	

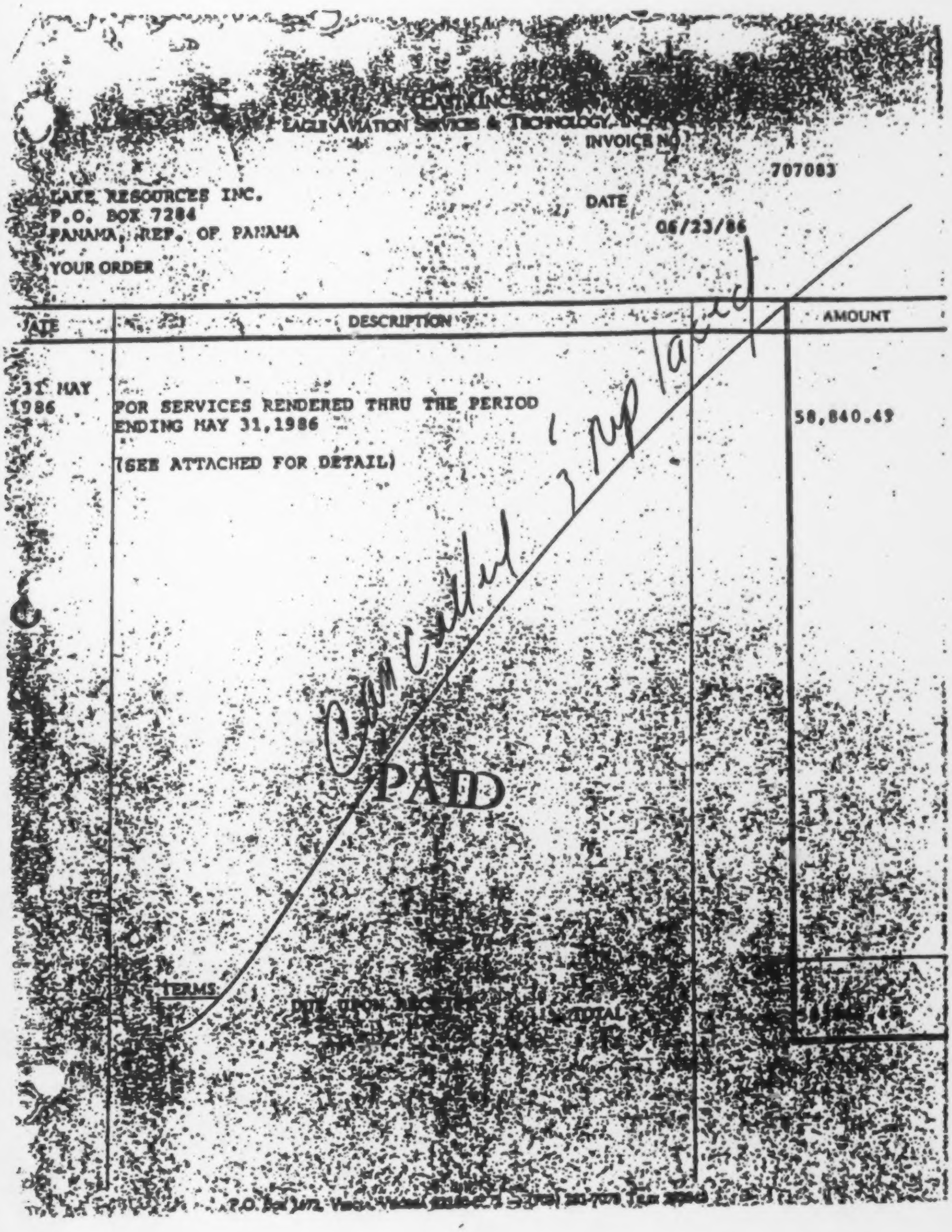
	TOTAL FEES		$60,489.00
	TRAVEL:		
EST AIR	BOLTON	805.00	
1/21-2/11	STROUP	2,339.36	
2/11-3/11	STROUP	4,600.00	
EST AIR	WILSON	805.00	
12/27-28	SAWYER	852.73	
3/27-30	PINARD	452.34	
2/14-23	HARRINGTON	1,253.67	
3/20-24	VON HAVEN	854.68	
3/28	SMET	842.95	
AIRFARE 3/28	COOPER	580.75	
AIRFARE 4/2	MCCAULLY	766.62	
AIRFARE 4/2	CRWAFORD	319.70	
3/3-13	MCCAULLY	1,545.03	
AIRFARE 3/1	SHUTT	131.10	
AIRFARE 2/28	SHUTT	570.40	
AIRFARE 3/4	SHUTT	272.55	

	TOTAL TRAVEL		$16,991.88
	EQUIPMENT:		
	1 WASHER		
	4 AIR CONDITIONERS		
	2 REFRI.	3,621.63	
	1 WASHER	542.80	
	1 DRYER	488.75	
	3 MEDICAL KITS	678.50	

	TOTAL EQUIPMENT		$5,331.68
	OTHER:		
	COMMUNICATION COST	404.05	
MOS	INSURANCE	345.00	
	CASH ADVANCE-FUEL ACCT.	17,250.00	

	TOTAL OTHER		$17,999.05

	GRAND TOTAL		$100,811.61
			============



EAGLE AVIATION SERVICES & TECHNOLOGY, INC.

INVOICE NO
707083

LAKE RESOURCES INC.
P.O. BOX 7284
PANAMA, REP. OF PANAMA

DATE
06/23/86

YOUR ORDER

DATE	DESCRIPTION	AMOUNT
31 MAY 1986	FOR SERVICES RENDERED THRU THE PERIOD ENDING MAY 31,1986 (SEE ATTACHED FOR DETAIL)	58,840.49

Cancelled & replaced

PAID

TERMS DUE UPON RECEIPT TOTAL [illegible]

P.O. Box [illegible]

EAST, INC.

FOURTH BILLING SUPPORT

FEES:		
BOLTON 22 DAYS @ 450	$9,900.00	
WILSON 27 DAYS @400	10,800.00	
MCKENNA 19 DAYS @ 450	7,600.00	
MCCULLY 41 DAYS @400	16,400.00	
TOTAL FEES		$44,700.00
TRAVEL:		
BOLTON	800.79	
WILSON	431.69	
MCKENNA	703.46	
MCCULLY	847.85	
STEVESON	577.01	
WILSON	800.79	
BOLTON	175.95	
TOTAL TRAVEL		$4,337.54
EQUIPMENT:		
5 SMITH & WESSON MD 27	3576.04	
AIRCREW SURVIAL VEST	4,837.20	
RADAR DETECTORS (2)	453.48	
MISC EQUIPMENT **	160.67	
TOTAL EQUIPMENT		$9,027.39
OTHER:		
COMMUNICATION COST	111.43	
INSURANCE	150.00	
FREIGHT(ALBERT' EQUIP)	514.13	
TOTAL OTHER		$775.56
GRAND TOTAL		$58,840.49

** FIGURE NOT INCLUDED IN THIRD EAST BILLING TOTALS

EXHIBIT LAT-1

UNCLASSIFIED

SEE LOG ITEM 1730; SHIFT 111 JP III

CYS. TO AMB. MCNIEL I012

[illegible] CIS/FILE

27 Mar 86 20 36z

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CIA FOR [redacted]
DEPARTMENT OF STATE FOR ASSISTANT SECRETARY ABRAMS
WHITE HOUSE FOR COL. OLIVER NORTH

JAY-
FM wants
you ~~[illegible]~~ wants to see
this. Have you
file.

"Popo" Chamorro is alleged [redacted] to be involved in drug trafficking.

NIC
CA

SUBJECT: PASTORA/SINGLAUB AGREEMENT

1. ON SUNDAY, 23 MARCH 86, GEN. JOHN SINGLAUB AND PARTY ARRIVED [redacted] AT REQUEST OF SEN. JESSIE HELMS TO ASSESS THE SITUATION OF EDEN PASTORA AND HIS TROOPS. ON 24 MARCH THE SIGNLAUB PARTY CROSSED THE NICARAGUAN BORDER AND VISITED A PASTORA CAMP [redacted]. CAMP CONTAINED MAXIMUM OF 230 MEN UNDER COMMAND OF ADOLFO "POPO" CHAMORRO.

2. LATE 25 MARCH, SINGLAUB PARTY [redacted]. GEN. SINGLAUB CALLED AMBASSADOR TAMBS AND ARRANGED FOR MEETING AT EMBASSY 0830 HOURS LOCAL, 26 MARCH.

3. MEETING ON 26 MARCH CONSISTED OF BRIEFING OF SINGLAUB BY AMBASSADOR [redacted] ON PASTORA'S HISTORY AS SPOILER. IT WAS AGREED THAT IF SINGLAUB COULD OBTAIN PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS, PASTORA SHOULD RECEIVE SUPPLIES VIA UNO.

4. LATE 26 MARCH, SINGLAUB AND PASTORA SIGNED FOLLOWING AGREEMENT:

1

DATE: MARCH 26, 1986

EXHIBIT
LAT-1

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAJ. GEN. JOHN K. SINGLAUB, USA (RET) AND COMMANDER EDEN PASTORA.

THE AGREEMENT IS AS FOLLOWS:

THE UNITED STATE WILL PROVIDE:

1. BOOTS
2. FOOD
3. AMMUNITION
4. MEDICINE
5. MAPS
6. ENCRYPTED COMMUNICATIONS SYSTEMS
7. MILITARY NEEDS FOR PASTORA'S TROOPS INCLUDING NEW MEN WHO JOIN HIS ARMY.

...ASED TO UNCLASSIFIED
BY AUTHORITY OF EO12356 ON [illegible]
DATE 27 [illegible] 87
SIGNATURE [illegible]

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S 4505

THE ABOVE PROVISIONS ARE BASED ON THE FOLLOWING AGREED COMMITMENTS FROM PASTORA:

1. PASTORA WILL LEAVE, WITH HIS TROOPS, [redacted]. PASTORA WILL LEAD HIS MEN [redacted] INSIDE NICARAGUA.
2. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICARAGUA RESISTANCE.
3. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN IN THE FOLLOWING SKILLS:

   A. COMMUNICATIONS
   B. INDIRECT FIRE TECHNIQUES
   C. DEMOLITIONS, EXPLOSIVES
   D. LOGISTICS
   E. RANGER TRAINING

4. PASTORA AGREES TO TRAVEL TO EUROPE, SOUTH AMERICA, AND OTHER CENTRAL AMERICAN COUNTRIES TO EXPLAIN THE TRUE NATURE OF THE MARXIST LENINIST SANDINISTA GOVERNMENT. THESE TRIPS WILL BEGIN TO TAKE PLACE AFTER HE HAS MOVED HIS TROOPS AND RESTORED HIS ARMY INTO A STRONG FIGHTING FORCE.

SIGNED: JOHN K. SINGLAUB

SIGNED: EDEN PASTORA

5. AMBASSADOR'S COMMENT: IN SPITE OF WRITTEN AGREEMENT, WE HAVE RESERVATIONS THAT PASTORA WILL COMPLY. HOWEVER, SINCE SINGLAUB IS ENVOY OF SENATOR HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS (AND HIS OWN RESERVATIONS) UPON RETURN TO WASHINGTON, HELMS MAY RE-EVALUATE HIS POSITION REGARDING PASTORA. SINGLAUB, AND HIS COLLEAGUE BARBARA F. STUDLEY, ASSURED AMBASSADOR THAT PASTORA AGREED THAT ALL SUPPLIES/EQUIPMENT/TRAINING WILL BE DELIVERED/PROVIDED VIA UNO. NOTHING WILL BE DELIVERED UNTIL PASTORA'S MEN ARE MOVED INSIDE NICARAGUA.

6. SINGLAUB PARTY LEFT 27 MARCH FOR [redacted] AND WILL DEPART [redacted] 29 MARCH FOR [redacted] WHERE HE PLANS TO REMAIN UNTIL 3 APRIL. DECL OADR
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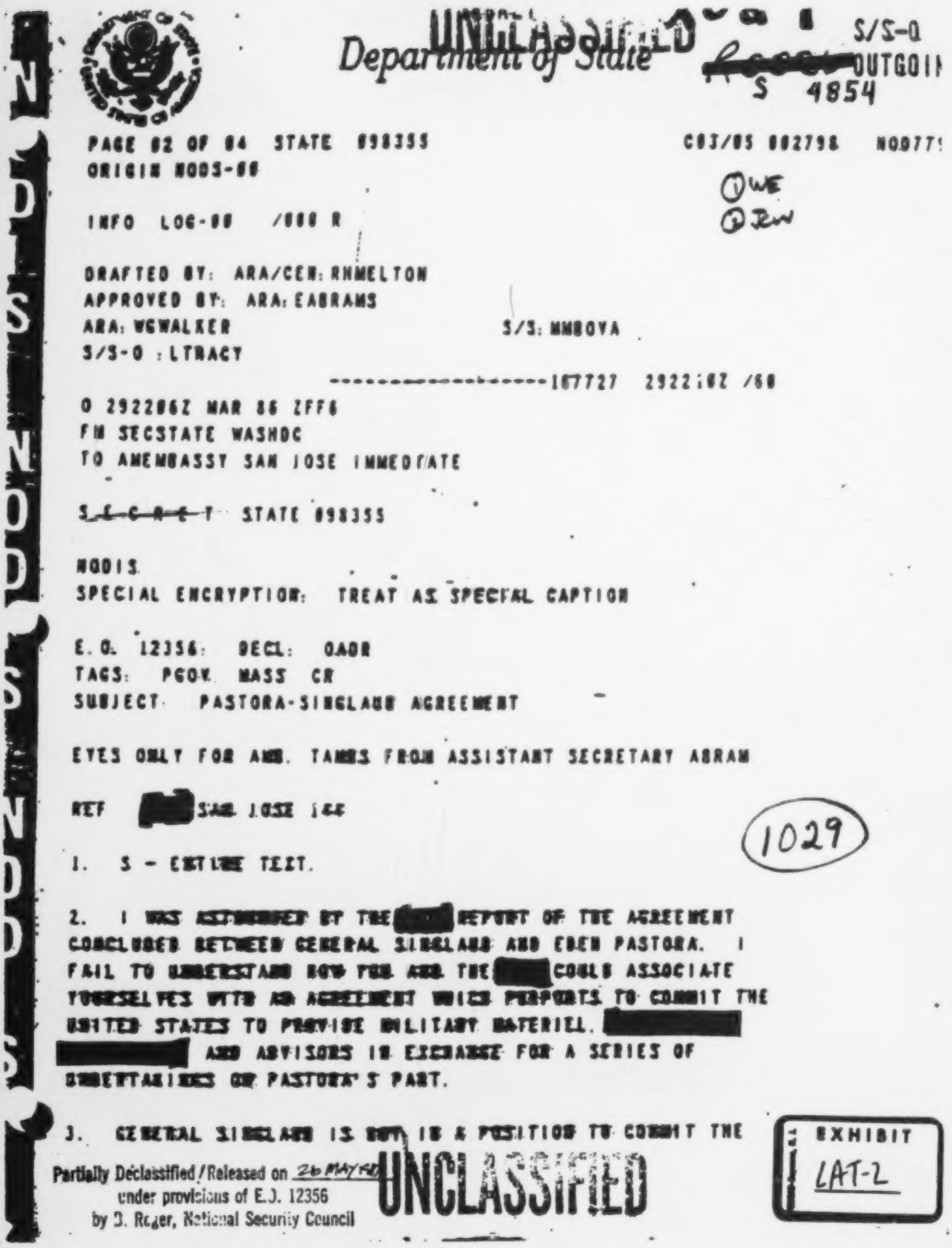
EXHIBIT LAT-2



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Department of State

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S 4854

PAGE 02 OF 04 STATE 098355 C03/05 002798 NOD77
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②JRW

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DRAFTED BY: ARA/CEN: RHMELTON
APPROVED BY: ARA: EABRAMS
ARA: WGWALKER S/S: MMBOVA
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SPECIAL ENCRYPTION: TREAT AS SPECIAL CAPTION

E.O. 12356: DECL: OADR
TAGS: PGOV MASS CR
SUBJECT: PASTORA-SINGLAUB AGREEMENT

EYES ONLY FOR AMB. TAMBS FROM ASSISTANT SECRETARY ABRAMS

REF [redacted] SAN JOSE 144

(1029)

1. S - ENTIRE TEXT.

2. I WAS ASTOUNDED BY THE [redacted] REPORT OF THE AGREEMENT CONCLUDED BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. I FAIL TO UNDERSTAND HOW YOU AND THE [redacted] COULD ASSOCIATE YOURSELVES WITH AN AGREEMENT WHICH PURPORTS TO COMMIT THE UNITED STATES TO PROVIDE MILITARY MATERIEL, [redacted] AND ADVISORS IN EXCHANGE FOR A SERIES OF UNDERTAKINGS ON PASTORA'S PART.

3. GENERAL SINGLAUB IS NOT IN A POSITION TO COMMIT THE

Partially Declassified/Released on 26 MAY 87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

EXHIBIT
LAT-2

UNCLASSIFIED

Department of State

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NODIS NODIS NODIS

U.S. GOVERNMENT TO PROVIDE SUPPORT FOR PASTORA. SUCH A DECISION, WERE IT TO BE MADE, WOULD COME FROM DULY AUTHORIZED OFFICIALS IN WASHINGTON. YOUR ASSOCIATION WITH THIS INITIATIVE GIVES THIS DOCUMENT AN UNWARRANTED STAMP OF OFFICIAL APPROVAL. YOUR ACTIONS ARE LIKELY TO COMPLICATE CONTINUING EFFORTS TO BUILD RELATIONSHIPS OF CONFIDENCE AMONG OPPOSITION GROUPS AND TO INTRODUCE CONFUSION DURING THE FINAL STAGE OF THE CONGRESSIONAL DEBATE ON ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE.

4. GIVEN THE SENSITIVITIES ASSOCIATED WITH EFFORTS TO ACHIEVE A UNITY OF PURPOSE AMONG THE SEVERAL RESISTANCE GROUPS AND GENERAL SINGLAUB'S LACK OF STATUS AS AN AUTHORIZED REPRESENTATIVE OF THE EXECUTIVE BRANCH, YOU SHOULD HAVE CHECKED WITH ME BEFORE PROCEEDING.

5. THE ACTING SECRETARY CALLED ME TO HIS OFFICE ON SATURDAY MORNING, MARCH 29, TO EXPRESS HIS DEEP CONCERN WITH YOUR INVOLVEMENT IN THIS EPISODE. FRANKLY, I WAS AT A LOSS TO EXPLAIN YOUR ACTIONS. THE ACTING SECRETARY CORRECTLY POINTED OUT THAT, AT THE VERY LEAST, THEY POSED SERIOUS QUESTIONS OF PROPRIETY. THEY MIGHT ALSO RAISE LEGAL QUESTIONS. TO BE IN A POSITION TO RESPOND TO THESE QUESTIONS, WE NEED IMMEDIATE ANSWERS TO THE FOLLOWING:

-- HOW WAS THE MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA ARRANGED?

-- WHAT WAS THE NATURE AND EXTENT OF THE EMBASSY'S AND YOUR PERSONAL INVOLVEMENT IN THESE ARRANGEMENTS?

-- WHAT U.S. GOVERNMENT FACILITIES OR SERVICES, IF ANY, WERE MADE AVAILABLE TO EITHER GENERAL SINGLAUB OR EDEN PASTORA OR THEIR RESPECTIVE REPRESENTATIVES, IN THE

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Department of State

S 4

PAGE 04 OF 04 STATE 098355 C03/05

EXECUTION OF THIS AGREEMENT?

-- WERE ANY OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED I MAKING ARRANGEMENTS, OR OTHERWISE ASSOCIATED, WITH THIS INITIATIVE? IF SO, PLEASE PROVIDE THE NAMES OF THOSE INDIVIDUALS, SPECIFICS OF THEIR INVOLVEMENT, AND THE NA OF THE INDIVIDUAL OR INDIVIDUALS AUTHORIZING THESE ACTIONS.

-- TO A REASONABLE OBSERVER, WHAT IMPRESSIONS WOULD HA BEEN CONVEYED BY YOUR AND THE EMBASSY'S ASSOCIATION WIT THIS INITIATIVE? WHITEHEAD

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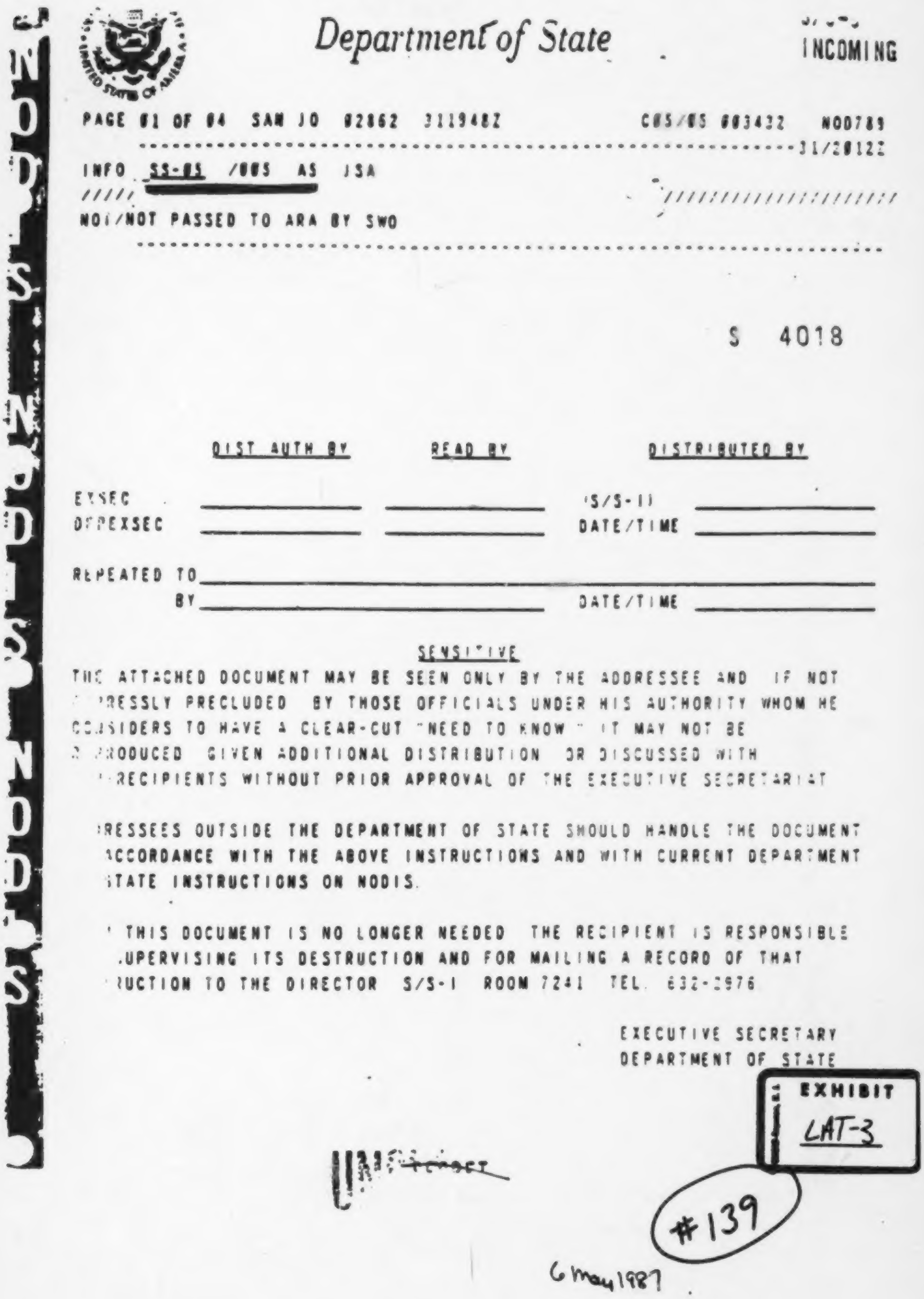
Exhibit LAT-3



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PAGE 01 OF 04 SAN JO 02862 311948Z CO5/05 003432 NOD789

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SENSITIVE

THE ATTACHED DOCUMENT MAY BE SEEN ONLY BY THE ADDRESSEE AND IF NOT PRESSLY PRECLUDED BY THOSE OFFICIALS UNDER HIS AUTHORITY WHOM HE CONSIDERS TO HAVE A CLEAR-CUT "NEED TO KNOW" IT MAY NOT BE REPRODUCED GIVEN ADDITIONAL DISTRIBUTION OR DISCUSSED WITH RECIPIENTS WITHOUT PRIOR APPROVAL OF THE EXECUTIVE SECRETARIAT

RESSEES OUTSIDE THE DEPARTMENT OF STATE SHOULD HANDLE THE DOCUMENT CCORDANCE WITH THE ABOVE INSTRUCTIONS AND WITH CURRENT DEPARTMENT STATE INSTRUCTIONS ON NODIS.

THIS DOCUMENT IS NO LONGER NEEDED THE RECIPIENT IS RESPONSIBLE UPERVISING ITS DESTRUCTION AND FOR MAILING A RECORD OF THAT UCTION TO THE DIRECTOR S/S-I ROOM 7241 TEL. 632-2976

EXECUTIVE SECRETARY
DEPARTMENT OF STATE

EXHIBIT
LAT-3

~~SECRET~~

#139

6 May 1987

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Department of State

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PAGE 02 OF 04 SAN JO 02862 311948Z C05/05 003432 NOD789
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EYES ONLY FOR ASSISTANT SECRETARY ABRAMS FROM AMBASSADOR

[redacted]

E.O. 12356: DECL OADR
TAGS: PGOV MASS CR
SUBJECT: PASTORA-SINGLAUB AGREEMENT

REF STATE 98355
1. ~~S~~- ENTIRE TEXT.

2. [redacted] NOR MYSELF WERE ASSOCIATED WITH ANY AGREEMENT BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. WE MERELY TRANSMITTED A COPY OF THE PRIVATE ACCORD BETWEEN SINGLAUB AND BARBARA F. STUDLEY. AS INDIVIDUALS. FOR YOUR INFORMATION WHICH SINGLAUB TOOK UPON HIMSELF TO OBTAIN FROM EDEN PASTORA. ALL [redacted] I DID ON WEDNESDAY MORNING 26 MAR 86 WAS TO LISTEN TO HIS REPORT COUNTER SOME OF SINGLAUB'S GROSS MISCONCEPTIONS ABOUT PASTORA'S CAPABILITIES AND ENCOURAGE UNITY AMONG ALL FACTIONS OF NICARAGUAN RESISTANCE. SINGLAUB WAS SPECIFICALLY URGED TO ENCOURAGE PASTORA TO INCORPORATE HIS

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6 May 1987

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03 OF 04 SAN JO 02862 311948Z C05/05 003432 NOD789

REMAINING FORCE WITH UNO. CONVERSELY [redacted] SINGLAUB. SINCE HE ALREADY HAD AN APPOINTMENT WITH PASTORA. SAID HE WOULD SEEK TO OBTAIN. ON HIS OWN INDIVIDUAL INITIATIVE A PRIVATE AGREEMENT FROM PASTORA WHEREBY PASTORA WOULD AGREE TO MEET UNO REPEAT UNO CONDITIONS FOR RECEIPT OF SUPPLIES. [redacted] NOR I COMMENTED ON HIS INTENDED EFFORT. WEDNESDAY EVENING 26 MAR 86 SINGLAUB WAS CAREFUL TO POINT OUT THAT "UNITED STATES" AS CITED IN OPENING PARAGRAPH OF LETTER SPECIFICALLY DID NOT MEAN UNITED STATES GOVERNMENT. " BUT MEANT HIM AND HIS SUPPORTERS. MOREOVER, HE TOLD ME HE AGAIN URGED) PASTORA AND EDEN AGREED, TO WORK THRU UNO.

S 4020

3. MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WAS APPARENTLY ARRANGED IN U.S. [redacted] MISSION HAD NO PREVIOUS KNOWLEDGE OF HIS TRIP BUT ONLY FOUND OUT BY CHANCE MONDAY 24 MARCH BY CHATTING WITH ANOTHER PASSENGER ON THE FLIGHT WHO ADVISED US OF SINGLAUB'S PRESENCE IN COSTA RICA.

4. NEITHER MISSION NOR I HAD ANY INVOLVEMENT WHATSOEVER IN THESE ARRANGEMENTS. NO U.S. GOVERNMENT FACILITIES OR SERVICES WERE PROVIDED. ALL DISCUSSIONS WERE EXCLUSIVELY BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WITHOUT ANY REPRESENTATION FROM THIS EMBASSY. THERE WERE NO OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED IN THESE ARRANGEMENTS. NEITHER WERE THEY

ASSOCIATED WITH THIS INITIATIVE. SINGLAUB ORDERED AT LEAST THREE TIMES BY US NOT TO

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Department of State

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PAGE 04 OF 04 SAN JO 02862 311948Z   C05/05 003432 N00789

MENTION MISSION IN ANY CONVERSATIONS WITH PASTORA AND THAT WE WERE NOT. REPEAT NOT PARTY TO ANY ARRANGEMENT.

S 4021

5. TO ANY REASONABLE OBSERVER IT WOULD APPEAR THAT SINCE GENERAL SINGLAUB ACTING AS A PRIVATE INDIVIDUAL REQUESTED AN INTERVIEW WITH ME AND SINCE WE WISHED TO FIND OUT WHAT WAS GOING ON. THIS WAS ENTIRELY NORMAL GIVEN HIS INVOLVEMENT WITH A NUMBER OF NICARAGUAN RESISTANCE INSTRUMENTALITIES.

6. ONCE AGAIN I REPEAT THAT ALL ARRANGEMENTS WERE BETWEEN SINGLAUB AND PASTORA AS PRIVATE INDIVIDUALS AND THAT THE TEXT OF THE SINGLAUB-PASTORA OFFER WAS PASSED TO WASHINGTON FOR INFORMATION ONLY AND WAS NOT INTENDED TO IMPLY ANY USG INVOLEMENT OR APPROVAL. TAMBS

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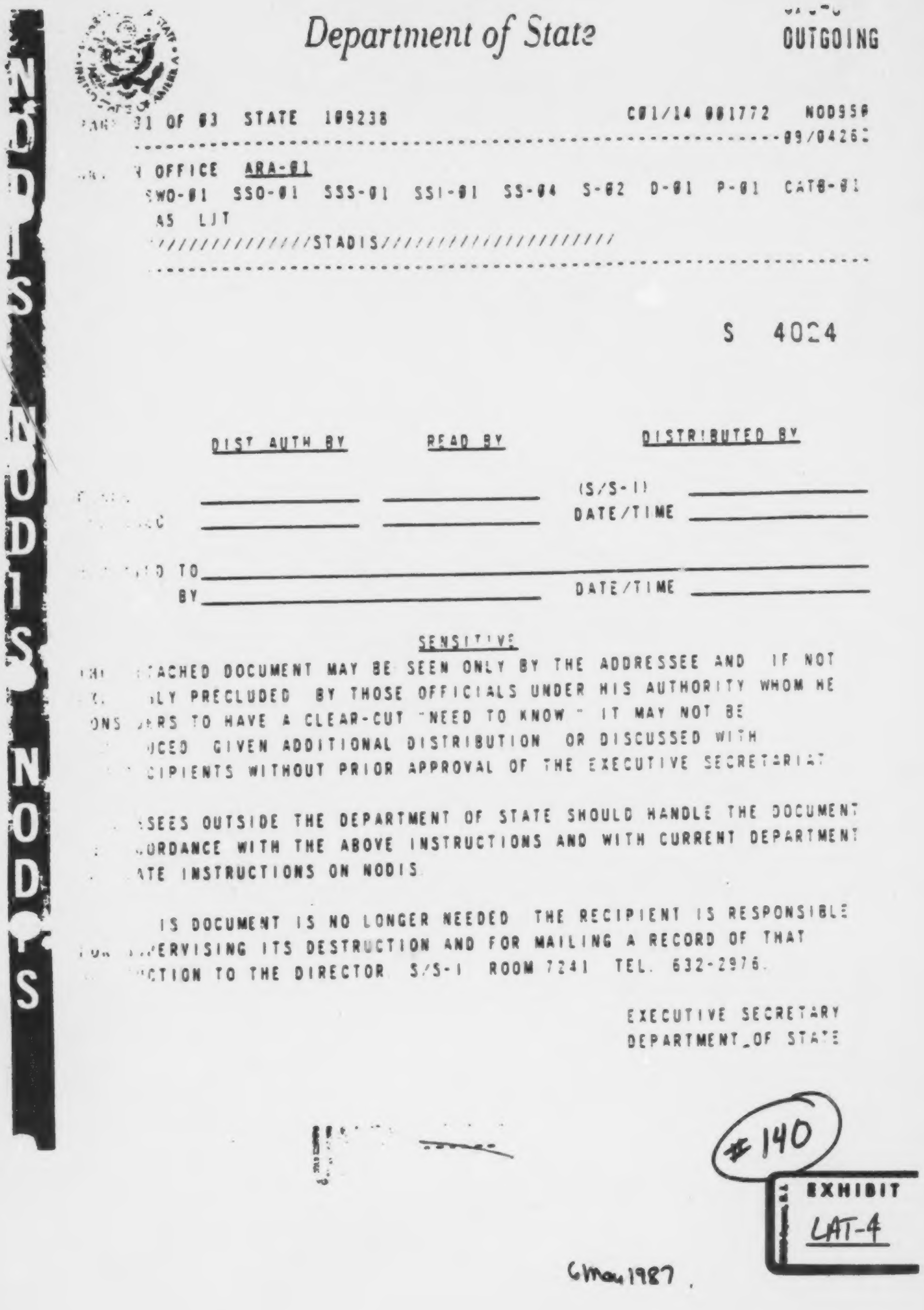
6 Mar. 1007

EXHIBIT LAT-4



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Department of State

OUTGOING

PAGE 01 OF 03 STATE 109238 C01/14 001772 NOD950

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N OFFICE ARA-01

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EXECUTIVE SECRETARY
DEPARTMENT OF STATE

#140

EXHIBIT
LAT-4

6 May 1987

Department of State OUTGOING

P... 02 OF 03 STATE 109238 C01/14 001772 NOD950
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A... VED BY: S:THE SECRETARY
A... BRAMS ARA:WGWALKER
... QUINN L ADSOFAER
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T... MBASSY SAN JOSE IMMEDIATE

~~R E~~T STATE 109238

... S
...S//
... ASSADOR TAMBS FROM THE SECRETARY

... 356: DECL OADR
... PGOV MASS CR
... T PASTORA-SINGLAUB AGREEMENT

A) STATE 98355 B) [redacted]

~~SECRET~~ ENTIRE TEXT.

1. AT MY REQUEST THE LEGAL ADVISOR HAS REVIEWED THE LEGAL ISSUES RAISED BY THE "AGREEMENT" NEGOTIATED BY GENERAL SINGLAUB WITH EDEN PASTORA. BASED ON HIS REVIEW THE LEGAL ADVISOR CONCLUDES THAT IT IS IMPOSSIBLE TO RULE OUT THE POSSIBILITY THAT YOUR DISCLAIMERS OF USG INVOLVEMENT NOTWITHSTANDING PASTORA MIGHT ATTEMPT TO USE THE SINGLAUB AGREEMENT TO PRESSURE OR EMBARRASS THE USG. YOU ARE THEREFORE INSTRUCTED TO INFORM PASTORA THAT SINGLAUB IS NOT AUTHORIZED TO NEGOTIATE ON BEHALF OF THE UNITED

NODIS

6 Mar 1987

S/S-O

Department of State

OUTGOING

NODIS NODIS NODIS

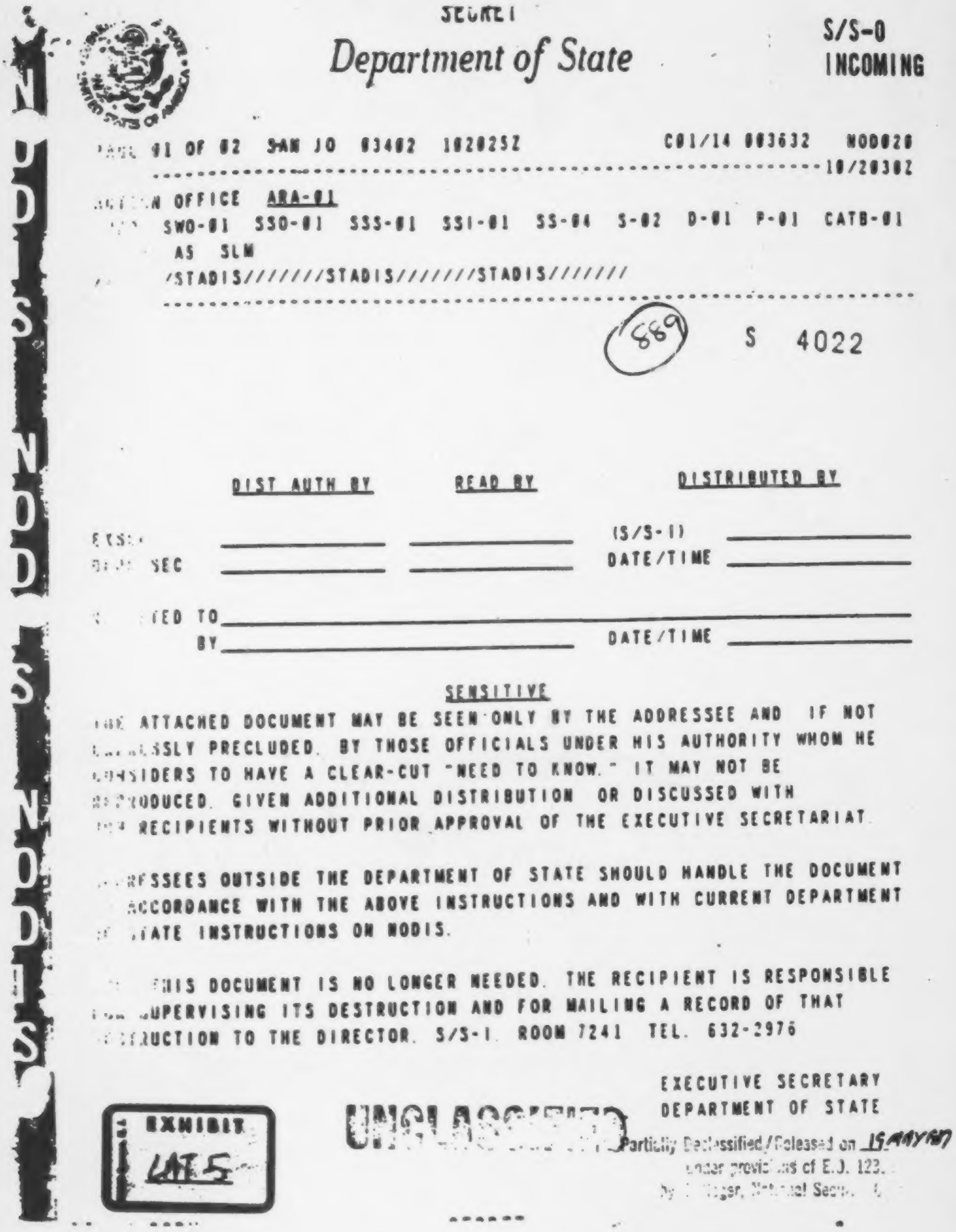
PAGE 03 OF 03 STATE 109238 C01/14 001772 NOD950

STATES THAT THE USG DOES NOT CONSIDER ITSELF BOUND BY SINGLAUB'S AGREEMENT AND THAT USG POLICY REMAINS AS STATED TO PASTORA ON MARCH 7 BY ME AND ASSISTANT SECRETARY ABRAMS WORKING THROUGH THE PROPER CHANNELS WE WANT TO REACH AGREEMENT WITH ALL ELEMENTS OF THE DEMOCRATIC RESISTANCE INCLUDING PASTORA WHO ARE PLEDGED TO DEMOCRACTIC PRINCIPLES WHO ARE FREE OF CRIMINALITY AND ADHERE TO INTERNATIONAL HUMAN RIGHTS STANDARDS AND WHO ARE WILLING TO COOPERATE WITH OTHER LIKE-MINDED GROUPS AND INDIVIDUALS TO ACHIEVE A DEMOCRATIC OUTCOME IN NICARAGUA. POINT OUT THAT WE NEED TO GET THE FUNDS BEFORE CONCLUDING AGREEMENTS AS TO THEIR DISTRIBUTION.

S 4026

1. PLEASE REPORT WHEN THIS HAS BEEN DONE TOGETHER WITH PASTORA'S RESPONSE. SHULTZ

Exhibit LAT-5



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Department of State

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PAGE 01 OF 02 SAN JO 03402 102025Z C01/14 003632 NOD028
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...RESSEES OUTSIDE THE DEPARTMENT OF STATE SHOULD HANDLE THE DOCUMENT ... ACCORDANCE WITH THE ABOVE INSTRUCTIONS AND WITH CURRENT DEPARTMENT ... STATE INSTRUCTIONS ON NODIS.

... THIS DOCUMENT IS NO LONGER NEEDED, THE RECIPIENT IS RESPONSIBLE ... SUPERVISING ITS DESTRUCTION AND FOR MAILING A RECORD OF THAT ...TRUCTION TO THE DIRECTOR, S/S-I, ROOM 7241 TEL. 632-2976

EXECUTIVE SECRETARY
DEPARTMENT OF STATE

EXHIBIT
LAT 5

UNCLASSIFIED

Partially Declassified/Released on 15 MAY 87
under provisions of E.O. 123..
by ... Nat... Secu...

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Department of State

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PAGE 02 OF 02 SAN JO 03402 102025Z C01/14 003632 NOD026
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FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC IMMEDIATE 7281

S 4023

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FOR ASSISTANT SECRETARY ABRAMS FROM AMBASSADOR

E.O. 12356: DECL. OADR
TAGS: PGOV, MASS, CR
SUBJECT: PASTORA - SINGLAUB AGREEMENT

REF: STATE 109238

1. SECRET - ENTIRE TEXT.

2. [redacted] HAS REPORTED THAT PASTORA DEPARTED [redacted] ENROUTE TO WASHINGTON WHERE IT IS EXPECTED HE WILL AGAIN BECOME INVOLVED IN EFFORT TO OBTAIN ASSISTANCE FOR ARMED NICARAGUAN DEMOCRATIC RESISTANCE.

TAMBS

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Exhibit LAT-6

FILE: .E [redacted] AD WHITE HOUSE COMMUNICATIONS AGENCY PAGE 179

#41

EXHIBIT
LAT-6

[redacted]

1.
2.

MSG FROM: NSOLN --CPUA TO: NSJMP --CPUA 09/06/86 15:31:36
To: NSJMP --CPUA

12158

*** Reply to note of 09/02/86 16:01
NOTE FROM: OLIVER NORTH
Subject: Iran
Last night at 2100 our Project Democracy rep. in Costa Rica called to advise that the Arias Govt [redacted] was going to hold a press conference today (Saturday) announcing that an illegal support operation for the Contras had been taking place from an airfield in Costa Rica for over a year. The names of two Americans, Secord and [redacted] were going to be predominantly mentioned. I called [redacted] to confirm the info and he returned call at 0030 verifying the info. I then had a conference call w/ Tambs, Abrams and [redacted] and we agreed on the following sequence: -- North to call Pres. Arias and tell him that if the press conference were held, Arias [redacted] wd never see a nickel of the $80M that McPherson had promised him earlier on Friday. --Tambs then called Arias from his leave location in W. Va. and confirmed what I had said and suggested that Arias talk to Elliott for further confirmation. --Arias then got the same word from Elliott. [redacted] at 0300 Arias called back to advise that there wd be no press conference and no team of reporters sent to the airfield. As a precaution, the Project a/c were flown [redacted] last night and no Project personnel remain in situ at the field other than local guards (8). [redacted] advises today that this operation was timed to coincide w/ the conference on our $100M and was directed by the Cubans. [redacted] I recognize that I was well beyond my charter in dealing w/ a head of state this way and in making threats/offers that may be impossible to deliver, but under the circumstances - and w/ Elliott's concurrence - it seemed like the only thing we could do. Best of all, it seems to have worked. I believe that it is important that you or Al or both make a trip down there again as soon as [redacted] approved so that someone w/ more horsepower than I can [redacted] very aware of our resolve in making this project work. If Al were to go it wd be a good opportunity for him to become familiar w/ some of the faces which will be critical to this effort if it is to succeed. v/r North
. Iran

[redacted]

5

Partially Declassified/Released on 4/1/87 under provisions of E.O. 12356 by [illegible] National Security Council

APPENDIX B: OTHER DOCUMENTS AND MATERIALS INTRODUCED AT THE HEARINGS

Statement of Senate Intelligence Committee -- April 26, 1984

Statement

THE SENATE SELECT COMMINTEE ON INTELLIGENCE MET ON APRIL 26 TO REVIEW THE EVENTS THAT LED TO THE MINING OF NICARAGUAN HARBORS AND ATTACKS ON NICARAGUAN PORTS. AT THE CONCLUSION OF THIS REVIEW, THE COMMITTEE AGREED THAT IT WAS NOT ADEQUATELY INFORMED IN A TIMELY MANNER OF CERTAIN SIGNIFICANT INTELLIGENCE ACTIVITY IN SUCH A MANNER AS TO PERMIT THE COMMITTEE TO CARRY OUT ITS OVERSIGHT FUNCTION. THE DIRECTOR OF CENTRAL INTELLIGENCE CONCURRED IN THAT ASSESSMENT.

THE COMMITTEE AND THE CIA HAVE AGREED ON THE NEED FOR MORE THOROUGH AND EFFECTIVE OVERSIGHT PROCEDURES, ESPECIALLY IN THE AREA OF COVERT ACTION. THE COMMITTEE WILL MOVE PROMPTLY TO DEVELOP NEW PROCEDURES TO ENSURE THAT THE SENATE WILL BE FULLY AND CURRENTLY INFORMED. THE CENTRAL INTELLIGENCE AGENCY HAS PLEDGED ITS FULL COOPERATION IN THIS EFFORT AND RECOGNIZES THE REQUIREMENT TO PROVIDE THE COMMITTEE WITH PRIOR NOTICE OF "ANY SIGNIFICANT ANTICIPATED INTELLIGENCE ACTIVITY," AS PROVIDED BY THE INTELLIGENCE OVERSIGHT ACT.

AT THE REQUEST OF THE COMMITTEE, AND IN LIGHT OF THE DIRECTOR'S ACKNOWLEDGEMENT, SENATOR MOYNIHAN WITHDREW HIS RESIGNATION AS VICE CHAIRMAN.

98th Congress
2d Session

SENATE

Report
98-665

REPORT

OF THE

SELECT COMMITTEE ON INTELLIGENCE UNITED STATES SENATE

JANUARY 1, 1983, TO DECEMBER 31, 1984

October 10 (legislative day, September 24), 1984.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1985

> . . . [The] Intelligence Community did not fully inform . . . [the] Committee concerning mining of harbors in Nicaragua despite the fact that they had a legal obligation to do so.
>
> [The] Intelligence Authorization Act [for Fiscal Year 1981] amended the Foreign Assistance Act of 1961 to require that each operation conducted by or on behalf of the Central Intelligence Agency in a foreign country, other than activities intended solely for obtaining necessary intelligence, shall be considered a significant anticipated intelligence activity for the purpose of Section 501 of the National Security Act of 1947 [popularly referred to as the Intelligence Oversight Act of 1980].
>
> Because the legal requirement of the law was not followed in this case by not briefing our Committee, I, therefore, wrote a strong letter to Director Casey expressing my extreme displeasure. In the letter, I explained to Director Casey that we in Congress had been debating for almost two weeks whether we would increase funds for the Nicaraguan program. Since neither the Committee nor my staff were briefed on the substance of the program, I had to engage in repeated debate on the Senate Floor. Having discovered the truth of the matter, I was then placed in the position of having to apologize to Members of the Committee and the Senate.
>
> I told Mr. Casey that this is no way to run a railroad and that it is indefensible on the part of the Administration to ask us to back its foreign policy when we don't even know what is going on because we were not briefed pursuant to the legal requirements. The Committee and Congress were left holding the bag in this instance. And, if we are to support the foreign policies of this Administration then, the President and his spokesman should let Congress and the American people know what is going on.
>
> In effect, what I told Director Casey was that if plain old fashion common sense had been used, the type of problem we face today would have never happened.

The Chairman's statement concluded by saying that:

> The issues being raised now by me will have to be resolved to the satisfaction of my Committee and the Congress. Until that is done, I would hope and suggest that the debate on this issue be put on hold.

Public debate, however, continued. On April 12, 1984, DCI Casey issued an "Employee Bulletin" in which he asserted that the CIA had "fully met all statutory requirements for notifying our Intelligence Oversight Committees of the covert action program in Nicaragua . . . [and] complied with the letter of the law in our briefings . . . [and] with the spirit as well." On the same day, according to a press report, the President's National Security Advisor, Robert McFarlane, told the Naval Academy Foreign Affairs Conference, that:

> Every important detail [of the mining] was shared in full by the proper Congressional Oversight Committees.

The report said Mr. McFarlane went on to say that "disclosure of secret plans to specified Congressional Committees 'as . . . provided by law,' was 'faithfully' accomplished."

On April 15, 1984, Senator Moynihan announced his intent to resign as Vice Chairman of the Committee, stating:

> This appears to me the most emphatic way I can express my view that the Senate Committee was not properly briefed on the mining of Nicaraguan harbors with American mines from an American ship under American command.
>
> An employee bulletin of the Central Intelligence Agency issued April 12 states that the House Committee was first briefed on 31 January, but the Senate Committee not until March 8. Even then, as Senator Goldwater has stated, nothing occurred which could be called a briefing. The reference is to a single sentence in a two-hour Committee meeting, and a singularly obscure sentence at that.
>
> This sentence was substantially repeated in a meeting on March 13. In no event was the briefing "full," "current," or "prior" as required by the Intelligence Oversight Act of 1980—a measure I helped write. If this action was important enough for the President to have approved it . . . it was important enough for the Committee to have been informed . . . [before implementation].
>
> In the public hearing on the confirmation of John J. McMahon as Deputy Director of Central Intelligence, I remarked that with respect to intelligence matters the "oversight function necessarily involves a trust relationship between the Committee and the Community because we cannot know what we are not told and therefore must trust the leaders of the Community to inform us."
>
> I had thought this relationship of trust was securely in place. Certainly the career service gave every such indication. Even so, something went wrong, and the seriousness of this must be expressed.

On April 26, the Committee held a closed meeting with DCI Casey at which he "apologize[d] profoundly." Following the meeting, the Committee issued the following statement:

> The Senate Select Committee on Intelligence met on April 26 to review the events that led to the mining of Nicaraguan harbors and attacks on Nicaraguan ports. At the conclusion of this review, the Committee agreed that it was not adequately informed in a timely manner of certain significant intelligence activity in such a manner as to permit the Committee to carry out its oversight function. The Director of Central Intelligence concurred in that assessment.
>
> The Committee and the CIA have agreed on the need for more thorough and effective oversight procedures, especially in the area of covert action. ~~The Committee will move~~

APPENDIX C: PREPARED STATEMENTS

Washington Post, Tuesday, April 17, 1984

Sen. Moynihan's point

When, a month ago, the Central Intelligence Agency briefed the Senate Select Committee on harbor-mining operations in Nicaragua, Sen. Daniel Patrick Moynihan was snoozing or otherwise occupied and the significance of the briefing sped past him unobserved. Now, in a characteristic bit of stagecraft, the senator has resigned as vice chairman of the committee — "to make a point," as he puts it.

What point? That, during briefings on important espionage operations, members of the Select Committee on Intelligence ought to stay awake? Well, no; this is not Sen. Moynihan's point exactly. His point, he says, is that the committee "was not properly briefed."

That so? Shall we examine the facts then? Let's. CIA Director William Casey met with the committee last month — on March 8 and 13, to be precise. At both meetings, transcripts show, Mr. Casey mentioned the harbor-mining operation. Yes, complains Sen. Moynihan, but Mr. Casey was too brief, encapsulating the mining operation in a single sentence of only 27 words.

All right. Mr. Casey might have been more expansive. But then Mr. Moynihan might have been more inquisitive — as inquisitive, say, as Sen. Joseph R. Biden Jr., the Delaware Democrat. Intrigued, Sen. Biden ask the committee staff to find out what was going on. The staff, brought up to speed by the CIA, briefed Sen. Biden in detail. Sen. Biden shared this information with other senators, though not, for some reason, with Sen. Moynihan.

We put it to you. Does this suggest that the CIA was holding back information? Or does it suggest instead that Sen. Moynihan, entrusted with oversight of the CIA, performed this important duty indifferently, missed out on a telling disclosure, found himself looking rather foolish, and so resigned his semi-exalted office to save face?

You may take your choice, but it's our guess that Sen. Moynihan will not be missed.

Moynihan Resigns Intelligence Panel Post, Assails CIA

By Joanne Omang
and Charles R. Babcock
Washington Post Staff Writers

Sen. Daniel Patrick Moynihan (D-N.Y.) resigned yesterday from the vice chairmanship of the Senate Select Committee on Intelligence because, he said, the CIA broke its "relationship of trust" by failing to inform the committee about its direct role in the mining of Nicaraguan harbors.

Moynihan made his decision known in an interview filmed Friday in his office and broadcast yesterday on ABC's "This Week With David Brinkley." He said in a statement from his office that the resignation was "the most emphatic way I can express my view that the Senate committee was not properly briefed on the mining of Nicaraguan harbors with American mines from an American ship under American command."

He said in a later telephone interview that a CIA briefing March 8 contained only a one-sentence reference in an 84-page transcript on the activities of U.S.-supported rebels in Nicaragua. An aide said the sentence was phrased passively, so that the senators were told only that "magnetic mines have been placed" in three harbors, without an explanation of the direct U.S. role.

The issue of what senators knew about the mining and when they knew it has become an interesting sidelight to the overall question of U.S. policy toward Nicaragua.

Sen. Barry Goldwater (R-Ariz.), the committee chairman, sent a blistering letter to CIA Director William J. Casey last week, complaining that he had not learned of the mining until news reports brought it to light last weekend. But Rep. Edward P. Boland (D-Mass.), chairman of the House Permanent Select Committee on Intelligence, has said he had monitored the mining operation since late January.

Other senators on the committee have said they did know the CIA was directing the mining operation. Sens. Patrick J. Leahy (D-Vt.) and Malcolm Wallop (R-Wyo.), both members of the intelligence committee, told ABC they were aware of the U.S. role before the debate two weeks ago in which the Senate approved $21 million for continued U.S. covert activity in Nicaragua.

"The committee has been fully informed on all the activities, including that one, and to claim otherwise is disingenuous," Wallop said.

Leahy said, "There were senators who voted one way the week before and a different way the following week, who knew about the mining in both instances, and I think were influenced solely by the public opinion. And I think that's wrong and that's a lousy job of legislative action."

The Senate voted 84 to 12 Tuesday to condemn the mining. Moynihan voted against the mining; just the week before he had voted to approve the covert aid.

On the same program, U.N. Ambassador Jeane J. Kirkpatrick called Moynihan's resignation "a way of avoiding a lot of the roughest questions" about events in Central America.

Moynihan had asked for and received a legal opinion on mining from the State Department March 28, a week before he voted to support continued funding for the covert operations.

He said he is resigning as vice chairman of the committee because the CIA information on the mining was not "full," "current" or "prior" as required by the intelligence oversight law. "If this action was important enough for the president to have approved it in February, it was important enough for the committee to have been informed in February," he said.

A Moynihan aide said the senator will continue to serve on the committee through the end of this Congress. The next-ranking Democrat on the committee is Sen. Walter D. Huddleston (D-Ky.).

Moynihan's concern about the relationship between the CIA and the committee was echoed by other members of the committee. Sen. David F. Durenberger (R-Minn.) said in an interview that "on a 0 to 10 scale, Casey rates a 2 on the trust factor." He said the members of the committee have to depend on the candor of the CIA director.

"When we go down to the floor, the other 84 senators trust us," Durenberger said. "We have to have that trust with the DCI," the director of central intelligence.

"If you don't ask the right question with Casey, you don't get the right answer," Durenberger said.

Another committee member, a Democrat, said the CIA's performance on the mining issue will hurt its relationship with Congress. "There have been unanimous votes . . . and we have been a sounding board for some of the cockamamie ideas the CIA comes up with. I recall when Goldwater actually turned to them [CIA officials] and said, 'That's the dumbest thing I ever heard of.' "

He added: "This committee has got to have credibility, and there is a feeling in the Senate that the committee didn't protect them on this one," the mining.

Moynihan said the committee had worked hard building "a relationship of trust" with the intelligence agency, but "it has to go both ways. It's taking the opposite direction we've been working so hard to get to."

WP
4/16/84

MOYNIHAN TO QUIT SENATE PANEL POST IN DISPUTE ON C.I.A.

HARBOR MINING AT ISSUE

New Yorker Says He Acts to Protest Agency Failure to Make U.S. Role Clear

By BERNARD GWERTZMAN

Special to The New York Times

WASHINGTON, April 15 — Senator Daniel Patrick Moynihan announced today that he was resigning as vice chairman of the Senate Select Committee on Intelligence.

The New York Democrat said he was protesting what he said was the failure of the Central Intelligence Agency to inform the committee "properly" about the scope of United States involvement in the mining of Nicaraguan harbors.

Text of statement, page A8

The C.I.A., which is charged by law with keeping the House and Senate intelligence committees "fully informed" of its current and future activities, has insisted that it briefed the committees about the mining.

The agency said it told the House committee on Jan. 31, and the Senate group on March 8 and again on March 13. In addition, it said the Senate committee staff received an extensive briefing on April 2.

Agency Cites Directives

"In accordance with existing statutes, and Presidential directives, the C.I.A. has the specific responsibilities to keep appropriate Congressional committees fully and currently informed of agency activities," a spokesman said today. "The agency strictly adheres to these directives. Reports that the C.I.A. has violated those directives in connection with Central America are untrue."

Mr. Moynihan, the ranking Democrat on the committee, echoed a complaint made by Senator Barry Goldwater, Republican of Arizona, the committee chairman, who said he had not been informed of the mining.

Senator Goldwater, who is traveling in Taiwan, could not be reached for comment on Mr. Moynihan's resignation.

Funds Approved by Senate

Mr. Moynihan said in an interview today that if he had known about United States involvement in directing the mining from an American-run mother ship outside Nicaraguan waters, he would have voted on April 5 against providing the C.I.A. with $21 million in additional funds for covert activity in Nicaragua.

The money was approved overwhelmingly in the Senate, but the matter has not been taken up by the House.

The New York Senator said he first learned of the American role in the mining in an article in The Wall Street Journal on April 6.

As a result, he said, he voted last week with the majority of both houses on a nonbinding resolution calling for an end to American financing of mining. Administration officials have said in recent days that the mining had ceased and would not be resumed because of the Congressional opposition.

Senator Moynihan said he felt his resignation would be the best way to put pressure on the Reagan Administration to improve its relations with the intelligence committee.

Last week Senator Goldwater wrote a stinging letter to William J. Casey, the Director of Central Intelligence, protesting what he said was a failure to inform Congress of the American role in the mining.

Asked why a similar public protest would not have been sufficient, Mr Moynihan said: "It might have brought public attention. I don't think it would have brought the attention from the executive branch."

'Not an Easy Thing to Resign'

He added: "I would ask that they recognize that it was not an easy thing for Barry Goldwater to write that letter and it was not an easy thing for me to resign the vice chairmanship. We were trying to make a point."

In Senator Moynihan's view, the Administration brushed aside the protest leveled by the Goldwater letter. "After Barry sent his letter and it was in effect rejected," he said, "it seemed to be the one thing I could do to say that we are still of that opinion."

Mr. Moynihan asserted that relations between the committee and the Administration had worsened in the last few months.

"When the invasion of Grenada was about to take place, we were informed," he said. "We knew that. We were told and didn't tell, that was our arrangement. They know what this relationship can be."

Casey Met With Panel Twice

Mr. Moynihan, who will remain on the committee through the end of the year even though he will give up the vice chairmanship, acknowledged that it was factually correct, from reading the transcripts of the committee's meetings on March 8 and 13 with Mr. Casey, that the mining was mentioned. But he contended, as have some others on the committee, that it was too slight a reference to something as sensitive as the mining of another country's harbors.

He said in the interview that there was only "a single sentence of 27 words," in a 138-minute briefing that ran 84 pages. At the March 8 session, he said, it was mentioned that "magnetic mines have been placed" but the implication was that this was being done by the Nicaraguan rebels by themselves.

"This sentence was substantially repeated in a meeting on March 13," he said.

"Nothing occurred which could be called a briefing on the mines," he said.

In a prepared statement, Mr. Moynihan said he was resigning as vice chairman because "this appears to me the most emphatic way I can express my view that the Senate committee was not properly briefed on the mining of Nicaraguan harbors with American mines from an American ship under American command."

Successor Not Yet Known

He said he would formally submit his resignation to Mr. Goldwater when the Arizona Senator returned from his trip to the Far East. It was not known who would replace Mr. Moynihan as the vice chairman. The select committee is different from other committees since members are limited to eight-year terms, and Mr. Moynihan's term would have come to an end at the end of this year anyway. He said the Democratic caucus in the Senate would choose his successor as ranking Democrat.

It is likely to be either Senator Daniel K. Inouye of Hawaii, who was the committee chairman until the Republicans took control in 1980, or Senator Joseph R. Biden Jr., Democrat of Delaware.

Another committee member, Senator Patrick Leahy, Democrat of Vermont, contends he was fully informed of the mining. He says that many others were too, and that they voted for the covert aid in the Senate, but because of the public outcry against the mining had since switched their position.

An aide to Senator Biden said Mr. Biden shared Mr. Moynihan's feeling that the group was not properly briefed in March. But the aide said that after an inquiry from the press in late March, Mr. Biden asked the committee staff on April 3 for further information. By coincidence the staff had a lengthy briefing at its own initiative with the C.I.A. on the evening of April 2, a staff aide said today.

The staff then produced a memo for Mr. Biden on the details of the American involvement in the mining. That

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CONT. →

The three Democratic Presidential candidates criticized President Reagan's decision to send El Salvador $32 million in military aid. Page B6.

memo was given to Mr. Biden, who showed it to other senators, but apparently not to Mr. Moynihan.

Mr. Moynihan was briefed orally on April 5 by a staff aide, however, about several intelligence developments, including the mining, but the aide said it was quite possible the Senator did not perceive the mining to be anything special at that time.

Mr. Moynihan said today that he had not known about the extent of the American role in the mining until April 6. On April 5, when the Senate voted for the $21 milllion in covert aid for Nicaraguan rebels, the memo was discussed by Mr. Biden with Senator William S. Cohen, Republican of Maine, on the floor of the Senate, and Mr. Cohen showed it to Mr. Goldwater. This was apparently the first time the Arizona Senator learned about it.

Some staff aides to senators on the committee said that since Mr. Goldwater assumed control of the committee, the committee's staff work had been much less aggressive than it was under the Democratic leadership. One aide said that neither Senator Goldwater nor Senator Moynihan gave the impression that they wanted to know everything that was going on,and that a "certain passivity" set in in the staff, and covert actions were not followed up the way they used to be.

Mr. Moynihan said today that if Mr. Casey had said last week something like, "I'm sorry, we goofed, we won't do it again," that "that would be acceptable." But he said he was very angry at the intelligence agency's insistence that it had briefed the senators fully, when he believed it had not.

"In no event was the briefing 'full,' 'current' or 'prior,' as required by the Intelligence Oversight Act of 1980, a measure I helped write," he said in his statement.

Mr. Moynihan said President Reagan approved the mining in February, something Mr. Goldwater also asserted. But Administration officials said again today that Mr. Reagan had done so in December. The first mines were laid in early January, according to statements made at the time by Nicaraguan rebels.

Representative Edward P. Boland, chairman of the House Intelligence Committee, said Thursday that the C.I.A. had informed his group on Jan. 31 about the mining and he had no complaints about C.I.A. compliance with the reporting requirements of the law, even though he opposes the covert aid.

When asked why the Senate committee was not briefed at about the same time, a C.I.A. spokesman said Mr. Casey planned to brief both committees soon after Congress returned from its recess in late January. A meeting was set for Feb. 20 with the Senate group, which was after the holidays of that month, but the committee postponed it until March 8 because it wanted Secretary of State George P. Shultz to be present too, and that was the first mutually convenient date.

NYT
4/16/84

OPENING STATEMENT BY ADOLFO CALERO

I learned during my education in this country the value of democracy. Upon graduation from the University of Notre Dame in 1953, I returned to Nicaragua to a dictatorship in which the freedoms which I saw in the United States were denied. I became, as a result of exposure to this country, a knight in democratic armor in my own country imbued by my experience here in the ideals of representative government and free enterprise.

I had made my Jefferson's oath: "I have sworn before the alter of God, hostility against any form of tyranny over man's mind," and that became my golden rule in opposing the Somoza dictatorship.

When Somoza was driven from our country, we had a right to expect that our dreams of democracy would be fulfilled. Instead, we got the Soviet totalitarian regime, an oppressive dictatorship operated by the Soviet Union and its proxy Cuba.

In January of 1983, I chose to abandon the comforts brought by 30 years of successful hard work, rather than subordinate principle and dignity to the "vanguard of the proletariat". As Benjamin Franklin put it, "Resistance to tyrants is obedience to God".

Four years and many trying vicissitudes later, I come before you ever intent on liberating Nicaragua from Soviet territorial imperialism and to restore freedom to my land.

Unfortunately all too often the West drifts in a sea of contradiction and indecision, and watches helplessly when subjugated peoples rise against communist totalitarianism, thus consigning people who yearn for freedom and self-determination to Communist domination.

An old Spanish fable relates how two rabbits were running desperately from two dogs in hot pursuit. As the dogs were closing in, the rabbits would stop and discuss whether the villains were beagles or bloodhounds. Of course, they never reached an agreement nor came to a solution.

We will never know which rabbit was right, but Iriarte, the fablist, tells us that the ferocious dogs never argued, never doubted, never swayed, caught up with their prey and devoured it.

From President Monroe to President Reagan, for the sake of security or for that of freedom, we have read and heard many heartening statements. Here is a token from President Truman: "...it must be the policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressure".

In dire straits we Nicaraguans desperately need for such words to come to life. Even though it is we, who are and will keep on doing the fighting and the dying. What is really on the scale is American resolve to stand by its friends, principles and policies. As has been stated: "When the Soviet Union advances by using proxy troops, its conquests are still Soviet victories and Western defeats". Let us not be fooled, before friend and foe it is the United States that will win or lose in Nicaragua.

The United States evokes in Nicaraguans a mixture of admiration and perplexity. At times we feel you are distant neighbors, yet your generosity and magnanimity often make us believe that we are close friends. The fact is that proximity and shared values have given us a common destiny that we Nicaraguans are now fighting for. By helping us you defend your own future.

As of last week, all opposition forces to the Sandinista regime have united and formed the broad-based and amply representative Nicaraguan Resistance. A fifty-four member Assembly, just one short of the Constitutional Convention of Philadelphia in 1787, elected a six-man directorate and will proceed to draw up a program of democratic government based on free elections, a system of checks and balances that divides power and restrains rulers, guarantees all freedoms, promotes the observance of human and civil rights as well as social justice, religious and economic freedom and private property.

Notwithstanding our decision to fight for our freedom, we are ready to make peace, understanding that the state of human dignity, sovereignty and harmony can be achieved only through a government which has the consent of the governed. Besides our own initiatives, we have welcomed negotiated settlements sponsored by Congressman Jim Slattery of Missouri and President Oscar Arias of Costa Rica among others. We are ready to explore and follow-through on such initiatives.

Millions of words have been written, spoken and televised on Nicaragua. Images, many of them false, have been created. Half-truths and outright falsehoods propelled by the "masters of deceit" have found their way to public opinion and official circles the world over. As Will Rogers, the famous American humorist and actor, who visited Nicaragua after the 1931 earthquake, said: "The trouble ain't that people are uninformed, it's that they know so much that just ain't so". Need I wonder who is responsible for that?

Unfortunately there is no time for details, but it has been proven to the point of satiety that the Sandinistas have denied all freedoms, including religious freedom, destroyed institutions, sponsored terrorism, established a Soviet base in mainland America, brought on economic and political chaos to Nicaragua and are in the process of destabilizing the four Central American democracies. The Sandinistas have drawn a barrier on progress and set a whole region in reverse, back to epochs that had been bravely surpassed.

In addition to the sea of troubles brought on Nicaraguans by the Sandinistas, we have been unfortunately dragged into an internal inquisition involving opposing views, technicalities and fine points of laws or amendments that we do not fully comprehend and apparently neither does world opinion.

Yes, we received monies from foreign sources, that was the only way to survive after the U.S. aid was cutoff by Congress. We gratefully welcomed the support of patriotic Americans and citizens of other countries who understood our plight and the serious implications of our defeat. But we bore the brunt of fighting for our freedom: We never asked for intervention by American military forces. This has been our battle, and not a Vietnam.

We are making history but also repeating it. In 1775 front companies were set up in Europe to receive funds contributed by France and Spain. It all developed into a delicate international problem but it served a worthy cause, that of the American revolutionaries fighting to free this country from the British Empire.

God Bless all of the Americas

STATEMENT OF
JOHN KIRK SINGLAUB
MAJOR GENERAL, U.S. ARMY (RET.)
BEFORE THE
U.S. SENATE SELECT COMMITTEE
AND THE
U.S. HOUSE OF REPRESENTATIVES SELECT COMMITTEE

MR. CHAIRMAN, SENATORS AND CONGRESSMEN: I WOULD LIKE TO TAKE JUST A FEW MOMENTS TO ACQUAINT THE COMMITTEES WITH WHO I AM. MY BACKGROUND AS A CAREER ARMY MAN SPANS MORE THAN 35 YEARS. SINCE MY RETIREMENT FROM THE ARMY IN 1978, I HAVE, AS CHAIRMAN OF THE U.S. COUNCIL FOR WORLD FREEDOM, WORKED TO HELP THE DEMOCRATIC FORCES WHO OPPOSE WHAT I BELIEVE IS MR. DANIEL ORTEGA'S ATTEMPT TO SUBVERT THE NICARAGUAN POPULAR REVOLUTION BY TRANSFORMING THAT REVOLUTION INTO A TOTALITARIAN, MARXIST REGIME.

I OFFER THIS NOT AS A SUBSTITUTE FOR THE ANSWERS I AM HAPPY TO PROVIDE TO YOUR QUESTIONS, OR TO TAKE UP THE TIME OF THE COMMITTEES. AS YOU KNOW, I AM GLAD TO APPEAR HERE VOLUNTARILY TO ASSIST THE COMMITTEES. I BELIEVE THIS BRIEF STATEMENT WILL IN FACT SAVE YOU TIME.

I AM FROM CALIFORNIA, HAVING BEEN BORN IN THE TOWN OF INDEPENDENCE, IN THE SIERRA NEVADA MOUNTAINS NEAR SEQUOIA NATIONAL PARK. I GRADUATED FROM THE UNIVERSITY OF CALIFORNIA AT LOS ANGELES (UCLA). I WAS COMMISSIONED AN INFANTRY SECOND LIEUTENANT ON JANUARY 14, 1943 AND VOLUNTEERED FOR PARACHUTE DUTY OVERSEAS WITH THE OFFICE OF STRATEGIC SERVICES (OSS).

NOW, I WANT TO MENTION JUST A FEW THINGS ABOUT MY TIME IN THE ARMY. I BELIEVE THESE FACTS WILL HELP YOU SEE WHAT HAS MOTIVATED MY PERSONAL EFFORTS TO HELP ACHIEVE DEMOCRACY IN CENTRAL AMERICA.

SHORTLY BEFORE THE INVASION OF SOUTHERN FRANCE IN 1944, I LED A THREE-MAN TEAM WHICH PARACHUTED BEHIND NAZI LINES IN FRANCE TO ORGANIZE AND LEAD A FRENCH RESISTANCE UNIT IN COMBAT AGAINST THE NAZIS.

IN DECEMBER, 1944, I VOLUNTEERED FOR DUTY IN THE FAR EAST. I WAS THE LEADER OF A TEAM WHICH TRAINED AND LED DEMOCRATIC CHINESE GUERRILLAS IN OPERATIONS BEHIND JAPANESE LINES IN SOUTHERN CHINA.

IN AUGUST 1945, I LED A RESCUE MISSION WHICH PARACHUTED INTO A JAPANESE PRISONER OF WAR CAMP ON HAINAN ISLAND, OFF THE COAST OF CHINA, TO SUCCESSFULLY LIBERATE SOME 400 ALLIED PRISONERS OF WAR.

AFTER THE CLOSE OF WORLD WAR II, I SPENT THREE YEARS IN MANCHURIA. THERE I SERVED AS HEAD OF A U.S. MILITARY LIAISON MISSION TO THE DEMOCRATIC CHINESE WHO WERE FIGHTING THE CHINESE COMMUNISTS.

DURING THE KOREAN WAR, I WAS AN INFANTRY BATTALION COMMANDER. I ALSO SERVED FOR ONE YEAR AS DEPUTY CHIEF OF THE CIA MISSION IN KOREA, ORGANIZING MISSIONS BEHIND ENEMY LINES IN SUPPORT OF AMERICAN TROOPS.

DURING THE VIETNAM WAR, I SERVED TWO YEARS AS HEAD OF A JOINT ARMY, NAVY, AIR FORCE AND MARINE UNIT WHICH CARRIED OUT RECONNAISSANCE AND INTELLIGENCE OPERATIONS BEHIND NORTH VIETNAMESE LINES IN SUPPORT OF OUR SOLDIERS IN VIETNAM.

IN 1976, I RETURNED TO KOREA AS CHIEF OF STAFF OF THE UNITED NATIONS COMMAND AND U.S. FORCES IN KOREA.

IN THIS ASSIGNMENT, I OBJECTED PUBLICLY TO THE CARTER ADMINISTRATION'S PLAN TO WITHDRAW U.S. TROOPS FROM KOREA, WHICH I BELIEVE WOULD HAVE INCREASED THE RISK OF WAR IN ASIA. ULTIMATELY, BECAUSE OF CONGRESS' OBJECTIONS TO THIS WITHDRAWAL PLAN, REGISTERED IN A SERIES OF HOUSE AND SENATE HEARINGS AT WHICH I TESTIFIED, PRESIDENT CARTER DEFERRED HIS PLAN TO WITHDRAW OUR TROOPS -- EXCEPT FOR ONE. I WAS REASSIGNED TO A CONSIDERABLY QUIETER POST.

ONE YEAR LATER, ON MAY 31, 1978, I VOLUNTARILY RETIRED FROM THE U.S. ARMY AFTER MORE THAN 35 YEARS OF SERVICE.

NOW, LET ME CONCLUDE BY BRIEFLY OUTLINING HOW I CAME TO HELP THE DEMOCRATIC FORCES IN NICARAGUA.

IN AUGUST 1981, WHILE I WAS IN TAIWAN TO LECTURE ON WHAT I SAW AS THE CONTINUING THREAT POSED TO DEMOCRACY BY COMMUNISM, I WAS ASKED TO FORM A U.S. CHAPTER OF THE WORLD ANTI-COMMUNIST LEAGUE. THE LEAGUE WAS FOUNDED IN 1954 BY THE KOREAN PATRIOT AND AMERICAN ALLY, SYNGMAN RHEE. BY THE EARLY 1980'S THE MAJOR FIGURE IN THE LEAGUE WAS THE BELGIAN GENERAL, ROBERT CLOSE, WHO, LIKE ME, HAD FOUGHT THE NAZIS IN THE RESISTANCE BUT, UNFORTUNATELY UNLIKE ME, HAD BEEN CAPTURED BY THE NAZIS.

IN NOVEMBER 1981, I ESTABLISHED THE U.S. COUNCIL FOR WORLD FREEDOM AS THE AMERICAN CHAPTER OF THE LEAGUE. WORKING WITH GENERAL CLOSE, WE SHIFTED THE MAIN THRUST OF LEAGUE ACTIVITIES FROM PASSIVE ANTI-COMMUNISM TO ACTIVE SUPPORT OF THE PRO-DEMOCRATIC RESISTANCE MOVEMENTS FIGHTING COMMUNIST TOTALITARIANISM.

I FIRST BECAME INVOLVED IN THE EVENTS IN CENTRAL AMERICA IN THE EARLY 1980'S WHEN I BEGAN TO ASSIST EL SALVADOR TO COPE WITH THE MARXISTS WHO WERE WAGING TERRORIST WARFARE AGAINST ITS DEMOCRATIC GOVERNMENT AND THE CIVILIAN POPULATION. I HELPED BRING FORMER U.S. MILITARY PERSONNEL TO EL SALVADOR TO TRAIN THEIR ARMY IN COUNTER-GUERRILLA FIGHTING.

IN MAY 1984, THE UNDERSECRETARY OF DEFENSE, MR. FRED IKLE, ASKED ME TO CHAIR A PANEL, COMMONLY REFERRED TO AS THE SINGLAUB PANEL, TO EXAMINE THE WAR BEING WAGED AGAINST EL SALVADOR BY THE MARXIST GUERRILLAS. AFTER STUDYING THE SITUATION, I RECOMMENDED A REDUCTION IN THE LEVEL OF VIOLENCE, AN INCREASE IN INTELLIGENCE TRAINING AND SMALL UNIT TACTICS, AND CLEARER EXPLANATIONS TO THE PEOPLE OF THE HUMAN RIGHTS VIOLATIONS OF THE COMMUNIST GUERRILLAS.

IN ADDITION TO UNDERSECRETARY IKLE AND OTHER U.S. OFFICIALS, I BRIEFED COL. NORTH AND OTHER STAFF OF THE NATIONAL SECURITY COUNCIL ON MY FINDINGS. THIS WAS MY FIRST SUBSTANTIVE MEETING WITH COL. NORTH, ALTHOUGH I HAD MET HIM BRIEFLY IN EARLY 1981 WHILE BRIEFING A WIDE RANGE OF U.S. DEFENSE AND SECURITY POLICY OFFICIALS ON THE VALUE OF SPECIAL OPERATIONS FORCES FOR COUNTER-TERRORISM AND HOSTAGE RESCUE MISSIONS.

IN JANUARY 1984 I MET ADOLFO CALERO. I APPROACHED HIM ON MY OWN INITIATIVE AND OFFERED TO HELP THE NICARAGUAN DEMOCRATIC OPPOSITION IN THE SAME WAY I HAD PERSONALLY ASSISTED EL SALVADOR, I.E., BY SENDING FORMER MILITARY ADVISORS. IN ADDITION, I OFFERED TO RAISE PRIVATE FUNDS WHEN HE TOLD ME THIS WAS ONE OF THEIR PRINCIPAL NEEDS.

I WANT TO EMPHASIZE THAT MY OFFER TO MR. CALERO, MADE IN JANUARY 1984, WAS AN ENTIRELY PERSONAL ONE, UNCONNECTED WITH THE U.S. CHAPTER FOR WORLD FREEDOM AND IN NO WAY SUGGESTED OR DIRECTED BY ANYONE IN THE U.S. GOVERNMENT. I DID INFORM U.S. OFFICIALS, INCLUDING COL. NORTH OF MY EFFORTS IN THIS REGARD.

LATER, WHEN IT BECAME CLEAR THAT THE NICARAGUAN DEMOCRATIC RESISTANCE NEEDED MEDICINES AND OTHER NON-LETHAL AID, I ESTABLISHED A PROJECT WITHIN THE U.S. COUNCIL FOR THIS PURPOSE.

SUBSEQUENTLY, WHEN I SAW THAT THE NICARAGUAN RESISTANCE NEEDED ARMS I PERSONALLY UNDERTOOK TO ARRANGE A SHIPMENT OF ARMS TO THEM. MY DECISION TO DO SO RESULTED FROM A VISIT I MADE IN MARCH, 1985 TO THE BASE CAMPS OF THE RESISTANCE WHERE I HAD MANY LONG CONVERSATIONS WITH ENRIQUE BERMUDEZ, THE MILITARY COMMANDER OF THE NICARAGUAN DEMOCRATIC FRONT, AS TO THE TYPE OF ARMS BEST SUITED FOR GUERRILLA WAR.

IN CONCLUSION, I WANT TO EMPHASIZE THAT I ALWAYS HAVE BEEN OPEN ABOUT MY EFFORTS TO HELP THE NICARAGUAN DEMOCRATIC RESISTANCE. IN FACT, I HAVE PUBLICLY SPOKEN OUT TO ANYONE WHO WOULD LISTEN ON THE NEED FOR PRIVATE AMERICAN FINANCIAL SUPPORT FOR THIS DEMOCRATIC CAUSE. THE NATION'S MEDIA, I SHOULD ADD, HAVE BEEN VERY FORTHCOMING IN ALLOWING ME THIS OPPORTUNITY.

I ALSO WANT TO EMPHASIZE THAT I HAVE WORKED IN THIS CAUSE AT MY OWN INITIATIVE. ON THE ONE HAND, I HAVE WANTED TO WORK IN SUPPORT OF ADMINISTRATION OBJECTIVES, WHICH I SHARED. ON THE OTHER HAND, WHERE I FELT PARTICULARLY STRONG REGARDING SOMETHING, I WENT FORWARD TO ACHIEVE MY OWN OBJECTIVE EVEN WHEN THAT WAS IN CONFLICT WITH ADMINISTRATION OFFICIALS.

FOR EXAMPLE, THERE WAS THE QUESTION OF WHETHER EDEN PASTORA, OR "COMMANDANTE ZERO," SHOULD BE ENCOURAGED TO RETURN TO HIS PLACE IN THE DEMOCRATIC RESISTANCE OR BE CAUSED TO LEAVE THE FIELD. AT A TIME WHEN U.S. OFFICIALS IN THE CIA AND THE STATE DEPARTMENT WERE APPARENTLY TRYING TO KEEP HIM OUT OF THE RESISTANCE ORGANIZATION, I TRAVELLED TO COSTA RICA TO TRY TO PERSUADE HIM TO REJOIN THE STRUGGLE. I WAS CONVINCED THEN, AS I AM CONVINCED TODAY, THAT HE COULD MAKE A VITAL AND IMPORTANT CONTRIBUTION TO THE DEMOCRATIC RESISTANCE.

AS IN MY PUBLIC DISAGREEMENT WITH PRESIDENT CARTER OVER THE WITHDRAWAL OF U.S. FORCES FROM KOREA, AND IN THE EDEN PASTORA CASE, I HAVE NOT HESITATED TO DISAGREE WITH U.S. OFFICIALS WHERE I BELIEVE THEY ARE WRONG. I SHOULD ADD AT THIS POINT THAT I ONLY WISH I HAD KNOWN BEFOREHAND OF OUR INTENT TO DEAL IN ARMS WITH THE IRANIAN GOVERNMENT. UNFORTUNATELY, I, LIKE MOST OTHER AMERICANS, KNEW NOTHING -- EITHER DIRECTLY OR INDIRECTLY -- ABOUT THE IRANIAN ARMS DEAL UNTIL IT WAS ANNOUNCED TO THE PUBLIC BY ATTORNEY GENERAL EDWIN MEESE.

IN CLOSING, PLEASE ALLOW ME WHAT MIGHT BE TERMED A BRIEF SOLDIER'S PERSPECTIVE ON THE FIGHT FOR FREEDOM IN NICARAGUA. IN DOING SO, I ALSO WANT TO REMIND YOU OF WHAT THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA -- WHICH WAS CHAIRED BY HENRY KISSINGER AND WHOSE SENIOR COUNSELLORS INCLUDED SOME OF YOU HERE TODAY -- SAID ABOUT NICARAGUA ONLY THREE YEARS AGO, WHEN I BEGAN THIS WORK.

RIGHT NOW, EVEN AS WE TALK, YOUNG NICARAGUANS ARE FIGHTING AND DYING TO RESCUE THEIR LAND FROM THE MARXISTS -- AND THE SOVIET SUBJUGATION THAT SO INEXORABLY FOLLOWS

THE TRIUMPH OF MARXIST TOTALITARIANISM. OFTEN UNDERTRAINED, ALWAYS UNDERARMED, THEY ATTACK AND REGULARLY DEFEAT THE LARGEST ARMY EVER AMASSED ON CENTRAL AMERICAN SOIL -- AN ARMY THAT MARCHES ON MARXIST ORDERS.

BASED UPON ALL MY COMBAT EXPERIENCE IN FOUR WARS, I CAN GUARANTEE YOU TODAY THAT, GIVEN THE TOOLS, THIS BAND OF BRAVE WARRIORS -- THE NICARAGUAN DEMOCRATIC RESISTANCE -- CAN FREE THEIR COUNTRY. THEY CAN SEIZE AND SHUT DOWN THE FIRST SOVIET BASE ON CONTINENTAL AMERICAN SOIL. THEY CAN STOP THE SPREAD OF COMMUNISM IN CENTRAL AMERICA AND, MORE IMPORTANTLY, THEY CAN BRING THE BENEFITS OF DEMOCRACY AND A FREE ECONOMY TO THE PEOPLE.

BUT THEY NEED OUR HELP; THEY NEED IT TODAY -- AND I BELIEVE THEY DESERVE IT TODAY. IN JANUARY 1984, THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA -- WHICH, AS I NOTED, HAD AS ITS SENIOR COUNSELLORS SOME OF YOU HERE TODAY -- DREW THE FOLLOWING CONCLUSION ON THE STRATEGIC IMPORTANCE TO AMERICA OF WHAT IS HAPPENING IN NICARAGUA:

> "THE USE OF NICARAGUA AS A BASE FOR SOVIET AND CUBAN EFFORTS TO PENETRATE THE REST OF THE CENTRAL AMERICAN ISTHMUS, WITH EL SALVADOR THE TARGET OF FIRST OPPORTUNITY, GIVES THE CONFLICT THERE A MAJOR STRATEGIC DIMENSION. THE DIRECT INVOLVEMENT OF AGGRESSIVE EXTERNAL FORCES MAKES IT A CHALLENGE TO THE SYSTEM OF HEMISPHERIC SECURITY, AND, QUITE SPECIFICALLY, TO THE SECURITY INTERESTS OF THE UNITED STATES. THIS IS A CHALLENGE TO WHICH THE UNITED STATES MUST RESPOND."

MEMBERS OF THE COMMITTEE, THIS OLD SOLDIER DID RESPOND. FOR AS CHURCHILL SAID OF THE BRAVE BRITS NEARLY

TWO SCORE AND 10 YEARS AGO: "THEY FIGHT BY THEMSELVES ALONE, BUT THEY DO NOT FIGHT FOR THEMSELVES ALONE."

THANK YOU FOR LISTENING.

STATEMENT OF
MRS. ELLEN CLAYTON GARWOOD
BEFORE THE
HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN
AND
THE SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
MAY 21, 1987

Mr. Chairman and Members of the Committee, as has been noted in the Press, I have given substantial sums for the purpose of assisting the freedom seeking people of Nicaragua. They are seeking to achieve a non-Communist alternative in Central America. This, in itself, is important. And, it is of vital importance to the United States of America.

My concern with the Communist threat to our freedom in the United States dates back as far as 1947. It was in March of 1947 that Will Clayton, Under-Secretary of State for Economic Affairs, wrote the first memorandum which served as the origin of the now famous Marshall Plan.

This memorandum read in part:

"I am deeply disturbed by the present world picture, and its implications for our country.

The reins of world leadership are fast slipping from Britain's once competent but now very weak hands.

These reins will be picked up either by the United States or Russia. If by Russia, there will almost certainly be war in the next decade or so, with the odds against us. If by the United States, war can almost certainly be prevented.

The United States must take world leadership and quickly to avert world disaster.

But the United States will not take world leadership effectively, unless the people of the United States are shocked into doing so.

To shock them, it is only necessary for the President and the Secretary of State to tell them the truth and the whole truth.

The truth is to be found in the cables which daily arrive at the State Department from all over the world.

In every country in the Eastern Hemisphere and most of the countries of the Western Hemisphere Russia is boring from within.

This is a new technique with which we have not yet learned to cope.

We must cope with it and quickly or face the greatest peril of our history.

Several nations whose integrity and independence are vital to our interests and to our security are on the very brink and may be pushed over at any time; others are gravely threatened. If Greece and Turkey succumb, the whole Middle East will be lost. France may then capitulate to the Communists. As France goes, all Western Europe and North Africa will go. These things must not happen. They need not happen.

We must go all out in this world game or we'd better stay at home and devote our brains and energies to preparation for the third world war."

Mr. Chairman and members of the committee, the Clayton memorandum was the forerunner of the Marshall Plan speech delivered June 5, 1947.

President Truman later said, "Will Clayton was one of those rare public servants who was not only dedicated to the public's interest but had a world outlook in which he saw the position of the United States in relation and harmony to all nations. His work for world cooperation in peace constitutes an enduring monument for which history will inscribe his name in bold letters.

Mr. Chairman and members of the Committee, Will Clayton was my father.

He instilled in me the firm belief it is not only my individual responsibility, but our collective responsibility as Americans that we do everything within our power to preserve our tremendous legacy of freedom; freedom within our borders, freedom without our borders, such freedom being based upon individual, economic and social incentives defined by the people, not by government.

Mr. Chairman and members of the Committee, this is the third time I have appeared voluntarily in Washington, D.C.

on the subject of aid to the freedom seeking people of Nicaragua. The first time I came to answer inquiries by the Special Prosecutor. The next time I appeared before the lawyers of your select investigating committees. Today I am also here voluntarily to answer any questions you may have for me.